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PROGRESS REPORT ON THE INSTITUTIONAL REFORM OF THE AU

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SUMMARY NOTE

I. KEY MILESTONES

1. Overall there has been good progress in the implementation of the reform agenda. The key areas of progress and specific achievements are detailed in sections III, IV, V and VI.
2. Key highlights include the following: the reform of the senior leadership of the Commission the adoption of a new departmental structure for the AU Commission, establishing a stronger sanctions regime for the non-payment of member state contributions; establishing a new scale of assessment for member state contributions to the AU budget which has improved overall burden-sharing; establishment of a revitalised Peace Fund with enhanced governance and oversight and \$206.6m in AU Member State contributions since 2017. Budget reforms aimed at improving overall effectiveness and efficiency in the use of the Union's resources.

II. WHAT REMAINS TO BE DONE?

3. The following areas of work will need to be prioritised in 2021:
 - a) Finalising the work on establishing an effective division of labour between the African Union (AU), Regional Economic Communities (RECs) and Member States.
 - b) The Reform of the AU Commission has not been concluded. While the new departmental structure has been adopted, the development of proposals for the restructuring of Regional, Liaison and Representational Offices will need to be concluded.
 - c) Proposals for the reform of the Pan-African Parliament and the judicial and quasi-judicial organs.
 - d) The implementation of the new structure of the AU Commission will need to be prioritised ensuring the skills audit and competency assessments and recruitments for Phase 1 of the Transition Plan are undertaken in a credible and transparent manner.
 - e) Improving the overall administration and smooth functioning of the AU Commission and addressing administrative bottlenecks remains outstanding and will require particular attention.
 - f) The issue of strengthening the AU's partnerships is still under discussion by Member States.
 - g) There is still also work to be done on the reform of the working methods of the Permanent Representatives Committee. This will require careful preparation and engagement with Member States and a close working

relationship with the Bureau of the PRC to agree on a roadmap and key milestones.

- h) Strengthening the effectiveness of the Peace and Security Council (PSC) in line with its mandate is another outstanding deliverable that will require agreement on an approach and roadmap with PSC Members.

III. KEY CHALLENGES AND OPERATIONAL ISSUES TO BE ADDRESSED.

4. The following key challenges and operational issues will need to be addressed going forward:

- a) Staffing the Reform Unit with professional staff that can accelerate delivery has been a challenge throughout the mandate period. The Unit has only two professional staff: The Head and Deputy Head. The Unit has a budget to recruit at least three to four additional professional staff but the various moratoriums of staff recruitment have hindered progress.
- b) Stronger internal and external communication on the ongoing reform process will need to be strengthened. Particular attention will need to be paid to ensure regular and consistent staff outreach and engagement with respect to the implementation of the Transition Plan for the new departmental structure of the AU Commission going forward.
- c) Fostering deeper ownership for the reform process across the Commission and Organs at all levels. Reform is never easy and resistance to change is typical of many reform processes. Stronger communication, engagement with all stakeholders in order to ensure deeper ownership will be a top priority. This will need to be combined with ensuring compliance and accountability of all staff in implementing reform decisions in the spirit in which they were intended.
- d) Establishing a stronger monitoring and reporting framework for tracking on progress in the implementation of the Assembly Decision 635 on reforms is a top priority. Formal quarterly progress updates with the Chairperson and the senior leadership of the Commission should be instituted to ensure timelines and key milestones are met. This could be followed by formal six monthly reform updates to the Champion on Reform and Policy Organs.

ANNEX 1

AU REFORM END OF TERM REPORT SUMMARY OF PROGRESS (2017-2020)

I. BACKGROUND

1. The January 2017 AU Assembly Decision, Assembly/AU/Dec.635(XXVIII), on *the Institutional Reform of the African Union (AU)* sets out a comprehensive AU reform agenda. It is aimed at fundamentally re-positioning the organization to meet the evolving needs of its Member States and the continent and identifies the following core reform priorities:

- Focus on key priorities with continental scope;
- Realign African Union institutions in order to deliver against those priorities;
- Connect the African Union to its citizens;
- Manage the business of the African Union efficiently and effectively at both the political and operational levels;
- Finance the African Union sustainably and with the full ownership of the Member States.

2. The Assembly Decision on reform provides a framework for the transformation of the African Union into an effective and efficient organisation that delivers for African citizens. Based on this framework detailed implementation proposals are being developed.

3. The reform decision took into account previous reform proposals, most notably the 2007 Adedeji Audit, which made extensive and far-reaching recommendations on how to improve the overall effectiveness of the Union. Unfortunately, most of these were never implemented.

II. MANDATE, IMPLEMENTATION APPROACH AND PRINCIPLES

4. Based on the previous implementation challenges, and the strategic importance of the reform agenda, the AU Assembly took the decision to oversee the reform process. The reform decision designated President Paul Kagame to supervise the implementation process. It was also determined that he would work with two other Heads of State, the 2016 Chair of the Union, President Idriss Deby, and the 2017 Chair of the Union, President Alpha Conde.

5. The Assembly also requested President Kagame to report on progress made in implementing Decision Assembly/AU/Dec.635 (XXIX) at each Ordinary Session of the Assembly.

6. During the January 2018 Summit, the AU Assembly decided that as part of the process of deepening consultations around the reform implementation process, the Reform Troika, should be expanded to the Bureau of the Assembly of the Union. The Assembly also decided to establish a group of fifteen (15) Ministers of Foreign Affairs, three per region to play an advisory role to the reform process. This group only met once following its establishment and has not been reconvened since.

III. WHAT HAS BEEN ACHIEVED TO DATE?

7. A separate summary of the progress made with respect to Financing the Union and the Peace Fund has been prepared. With respect to the rest of the reforms the following has been achieved:

- a) The **working methods of the AU Summit** have been reformed as follows: From 2019 onwards there will be one Ordinary Summit a year. A streamlined agenda for the Summit focusing on only three key strategic issues for the Assembly's attention has been instituted. The systematic categorisation of decision-making that is already provided for in the Assembly Rules of Procedure will be instituted from 2019 onwards with a view to improving the overall quality of the decision-making process and enhancing implementation.
- b) Women (50% by 2025) and youth **quotas** (35% by 2025) for posts across the African Union have been established and recruitment is being undertaken with these quotas in mind.
- c) Following extensive consultations with the Regional Economic Communities (RECs) and other key stakeholders, an Issues Paper on division of labour has been adopted by the AU Assembly in July 2018. Proposals on **how to establish an effective division of labour** at the level of the AU, RECs, continental organisations and Member States will be presented to the first Mid-Year Co-ordination Summit on 8 July 2019 in Niamey, Niger.
- d) An initial review of the **Pan-African Parliament and the judicial organs** has been completed. A more detailed assessment is underway to develop more detailed recommendations on how to strengthen the effectiveness of these key Organs.
- e) An **initial review of AU Partnerships** has been completed. The PRC sub-committee on Partnerships is now developing an overall Partnerships strategy with a view to establishing clear partnerships principles, capacity to negotiate effective partnerships and monitor implementation and impact.

- f) The governance structure for the new **the AU's Development Agency** was agreed upon at the 31st Ordinary Summit of the AU in July 2018 in Nouakchott and the structure of the new organisation will be reviewed by the Executive Council in July 2019.
- g) Proposals on how to strengthen **the African Peer Review Mechanism** focused on establishing predictable financing for the APRM by integrating the institution into the AU budget and developing an annual State of Governance in Africa report as a tool to track overall governance in Africa.
- h) The **Peace & Security Council** held a retreat from 29-30 October 2018 to consider among other things how to strengthen its working methods and role in conflict prevention and management.

IV. THE NOVEMBER 2018 EXTRAORDINARY SUMMIT ON THE AU REFORMS

8. The 11th Extraordinary Summit of the AU was held from 17-19 November 2018 at the AU Headquarters. The Summit considered the following issues:

- a) Proposals for a new **scale of assessment** with a view to improving overall burden-sharing of the AU budget among Member States;
- b) Proposals for a new **sanctions regime for the non-payment of member state contributions** to ensure predictability and timeliness of Member State assessed contributions.
- c) Proposals for the **Reform of the AU Commission**. The proposals were covered the following: How to streamline the structure and portfolios of the senior leadership of the Commission in order to remove overlaps and duplication; improving the meritocracy and transparency of the selection of the senior leadership, strengthening performance management and clarifying termination procedures at the senior leadership level.
- d) An update on the reform of the **Pan-African Parliament and the judicial organs**.
- e) The mandate of the **new AU Development Agency**.
- f) Proposals on how to strengthen the **APRM** including ensuring more predictable and sustainable financing.
- g) Proposals on how to establish **an effective division of labour** between the AU, RECs, Member States and continental organisations.

9. Based on the above the above the AU Assembly decided the following:

- a) To reduce the size of the Commission from 10 to 8, in order to rationalise senior leadership portfolios and improve overall efficiency. From 2021, the senior leadership will now be comprised of 6 Commissioners, a Deputy Chairperson and a Chairperson.
- b) To strengthen the selection process for the senior leadership by introducing a new competency based assessment that will be overseen by a Panel of Eminent Africans assisted by an independent African consultancy firm.
- c) To strengthen performance management and accountability at the senior leadership level by introducing performance contracts that will be monitored on an annual basis;
- d) To clarify termination procedures for the senior leadership of the Commission;
- e) To adopt a new and enhanced sanctions regime for the non-payment of Member State contributions;
- f) To adopt the new mandate of the AU Development Agency
- g) To adopt a roadmap for the establishment of an effective division of labour between AU, RECs, Member States and continental organisations.
- h) To integrate the APRM budget in the statutory Union budget funded by Member States with modalities to be presented by the Chairperson by the February 2019 Summit.

V. PROGRESS ON AU REFORM IN 2019

10. The November 2018 Extraordinary Summit on the AU reforms established a new structure for the senior leadership of the AU Commission along with a new process for the selection of the senior leadership of the AU Commission. The new selection process will be operationalised in 2020 in order to establish a new Commission in February 2021.

11. In order to develop the new selection modalities the Assembly decided to establish a Panel of Eminent Africans, composed of five (5) eminent personalities, one per region, to oversee the pre-selection of candidatures of the senior leadership of the Commission.

12. By November 2019, three regional nominations had been received from the Central, Southern and Western Africa regions. The Committee of Permanent

Representatives (PRC) met in November 2019 and determined that if no further regional nominations were received by mid-December 2019, the Panel should start its work. By December 2019 the Eastern region submitted its nomination.

13. The adoption of the new structure of the AU Commission. The November 2018 AU Extraordinary Assembly Decision, Ext/Assembly/AU/Dec.1-4(XI), on *the Institutional Reform of the African Union (AU)* in which the Assembly decided as follows: **MANDATES the Chairperson of the Commission to develop a new departmental structure that is lean and performance-oriented, taking into account the division of labour between the African Union, RECs and Regional Mechanisms, Member States and continental organisations.**

14. Between March and April 2019, proposals for the restructuring of the Commission were developed with the support of an independent consulting firm. The proposals were submitted to Member States for their consideration in May 2019. Following initial deliberations, Member States decided the following: First, that the restructuring proposals should be budget neutral. If this is not possible that any additional cost should be financed from budget savings; second, to extend the period for the review of the structure to allow Member States to consult their capitals.

15. The Sub-committees of the Permanent Representatives Committee reviewed the proposed new structure and along with the proposed financing strategy in October and November 2019. The revised proposal was considered to the PRC in December 2019 with a view to presenting the new departmental structure for adoption in February 2020.

16. Third, within the framework of establishing a more effective division of labour between the AU and Regional Economic Communities (RECs), a draft Protocol on the relations between the AU and Regional Economic Communities (RECs) along with and the Rules of Procedure for the Mid-Year Co-ordination Meeting was submitted for adoption by the Assembly during the February 2020 Summit. Prior to that the Draft Protocol was reviewed by the Specialised Technical Committee on Justice and Legal Affairs in November 2019.

17. Strengthening the AU recruitment system: In November 2018, the Executive Council requested that the Commission work with a group of ten independent experts to review and improve the AU Recruitment and Selection System to institute a credible and robust recruitment and selection system. The experts started work in July 2019 and produced an inception report and work plan which was presented to Member States in September 2019 and they are working towards submitting their final report by December 2019. The implementation of the new system is underway and is expected to go live by January 2021.

VI. PROGRESS MADE ON AU REFORMS IN 2020

A. *The adoption of the new departmental structure of the AU Commission*

18. During the February 2020 Summit, the AU Assembly adopted a new AU Commission departmental structure and the Executive Council directed the Commission and Member States to finalize the Transition Plan and Financing Strategy by June 2020 for consideration by the 37th Ordinary Session of the Executive Council.

19. The Executive Council further decided as follows:

- a) That the implementation of the new departmental structure shall be financed within existing resources and should come at no additional cost to Member States;
- b) That the Commission should complete the implementation of the new structure within three years from the date of adoption of the Transition Plan and Financing Strategy;
- c) That a staff skills and competency audit shall be undertaken and shall be applied to regular and non-regular staff to determine whether they meet the requirements of the new structure;
- d) That the Commission with the oversight of the ten Recruitment Experts (R10) shall develop the job profiles and competency requirements for the new departmental structure of the Commission by June 2020; and undertake a staff skills audit and competency assessment. The Commission and R10 shall be assisted, if required, by an independent firm; and
- e) That the Commission to provide all technical, administrative, financial and logistic support to facilitate this process.

B. The adoption of the Transition Plan and Financing Strategy for the implementation of the new departmental structure of the AU Commission

20. The Transition Plan and Financing Strategy was prepared pursuant to the February 2020 36th Ordinary Session of the Executive Council decision, EX.CL/Dec.1073(XXXVI), which directed the Commission to submit a Draft Transition Plan and Financing Strategy for the implementation of the new departmental structure of the AU Commission by June 2020 for consideration by the 37th Ordinary Session of the Executive Council.

21. The objective of the reform of the Commission is to establish a high performing efficient and effective AU Commission that is able to deliver on agreed continental priorities, attract and retain the best quality staff at all levels that are motivated and

committed to delivering to the highest standards while operating within a strong accountability and performance based framework.

22. The Transition Plan covered the following issues:

- a) The legal framework and principles and approach that will guide the transition process, The current staffing context;
- b) The staffing approach for the new structure;
- c) The proposed timelines and phasing for the implementation of the new structure; In line with the Executive Council decision, the structure will be phased in over a three-year period as follows:
 - The phase-1 staffing process will cover the period July 2020 to December 2021;
 - The phase-2 process will cover the period January 2022 to December 2022;
 - The phase-3 process will cover January 2023 to December 2023;
 - All leadership and critical positions will be prioritized during Phase 1 and all other positions will be filled during Phase 2 and Phase 3.
- d) The critical success factors required for the effective implementation of the new structure.

23. The Financing Strategy covered the following issues:

- a) The long-term costs of the new structure, i.e., total staff costs;
- b) The one-off costs related to the transition (skills audit voluntary departures, severance packages, etc.); and
- c) Proposals on how to finance the new structure.

24. Following consideration of these two key documents the Executive Council decided as follows during its October 2020 Ordinary Session EX.CL/ Dec.1(XXXVII):

- a) **To adopt Phase one (1) of the Transition Plan and financing strategy.** Phase 1 is primarily focused on recruiting the Director-General and senior management of the Commission and other critical positions. The recruitment of the senior management posts will deliver the highest impact and transformational effect. It will ensure that the new AU Commission has a strong management cadre in place to drive the rest of the Commission reform process. **\$10m was allocated to support the implementation of Phase 1.**
- b) To lift the moratorium on the recruitment of Director level posts within the AU Commission to enable the implementation of phase 1 of the transitional plan;

- c) That the Staff Skills Audit and Competency Assessment shall be applied to all current AUC staff subject to Phase one (1);
- d) That the Commission, in collaboration with the R10, to develop the terms of reference for the skills audits and competency assessment that shall be implemented by an independent human resource HR firm in order to ensure credibility and transparency; and
- e) That competition for vacant posts shall be open to internal and external applicants.

C. *Establishment of an effective division of labour between the AU, RECS and Member States*

25. Following extensive consultations with the Regional Economic Communities (RECs) and other key stakeholders, an Issues Paper on division of labour was adopted by the AU Assembly in July 2018. Proposals on **how to establish an effective division of labour** at the level of the AU, RECs, continental organisations and Member States were to be presented to the first Mid-Year Co-ordination Summit on 8 July 2019 in Niamey, Niger.

26. A draft Protocol on the relations between the AU and Regional Economic Communities (RECs) along with and the Rules of Procedure for the Mid-Year Co-ordination Meeting for adoption by the Assembly during the February 2020 Summit.

27. A sample division of labour covering three thematic areas: Political Affairs, Peace and Security and Trade were prepared in collaboration with the RECs and reviewed in two meetings bringing together the Chairperson of the Commission and the Chief Executives of the RECs. The PRC and Executive Council considered the sample division of labour matrix in October 2020 prior to a review by the Mid-Year Co-ordination Committee meeting in the same month.

28. The MYCM directed that the work on division of labour be concluded by the February 2022 and that consultations with Member States be deepened.

D. *The selection of the senior leadership of the AU Commission*

29. The Panel is made up of the following eminent persons from the following regions:
- a) Central Africa: Amb. Philemon Yang (Cameroon)
 - b) East Africa: Amb. Kongit Sinegiorgis (Ethiopia)
 - c) Southern Africa: Amb. Tuliameni Kalomoh (Namibia)
 - d) West Africa: Hon. Hassan Bubacar Jallow (The Gambia)

30. The Panel held its first retreat from 3-4 February 2020 at the AU headquarters in Addis Ababa. During their retreat they agreed on a draft roadmap for the pre-selection of the senior leadership of the 2021 Commission. They also finalised the draft terms of reference for the procurement of services of the independent African human resources (HR) firm that is to assist them in executing their mandate.

31. The AU Commission published an open tender for the procurement of the independent African HR firm to assist the Panel of Eminent Persons. The Panel selected the firm Pricewaterhouse Coopers (Mauritius) in March 2020. The Panel developed the job descriptions for the eight (8) senior leadership positions.

32. The job descriptions include the skills and competencies required for each senior leadership position provided the basis for the assessment of applicants for the six Commissioner posts and a basis to inform the Assembly of Heads of State and Government's election of the Chairperson and Deputy Chairperson.

33. The posts were opened for application on 4 May 2020. The closing date for applications was 4 September 2020. Following a competency based assessment process, the Panel transmitted a ranked shortlist of pre-qualified candidates to Member States through the Office of the Legal Counsel.

ANNEX 2

FINANCING THE UNION TOWARDS THE FINANCIAL AUTONOMY OF THE AFRICAN UNION

SUMMARY OF PROGRESS 2017-2020

I. SUMMARY OVERVIEW

- Good progress has been made with most of the financing of the union reform decisions implemented.
- In 2018, the main effort was on operationalizing the new budget process and the golden rules that were adopted in the January 2018 Summit. As a result of the application of the golden rules, the AU budget process has begun to generate more credible budgets taking into account performance metrics, execution rates and actual revenue flows. **There is still some distance to go with respect to financial management and governance and this will require significant engagement in terms of improving overall compliance and accountability.** The introduction of finance experts from member states (F15) and oversight from Ministers of Finance to the oversee the budget process in 2018 has significantly improved the quality of the AU budget process.
- A new scale of assessment 2019 – 2021 was adopted in February 2019 in line with 2017 AU Ministers of Finance recommendation that ‘caps’ and ‘minima’ be introduced to improve overall burden-sharing, and to avoid risk concentration, among Member States with respect to their annual contributions.
- On sanctions for non-payment of contributions, a strengthened regime was adopted in November 2019 with a view to improving the timeliness and predictability of Member State contributions.
- On the revenue side, **26 countries still at various stages of implementation of the 0.2% levy.**
- With respect to the AU Peace Fund, since 2017, **54 AU Member States have contributed a total of approximately \$206.6m to the Peace Fund.** The Member State endowment target is \$400m. A Board of Trustees has been in place since November 2018. Following an open tender process and in-depth due diligence assessments two Fund Managers have recently been selected to manage the AU Peace Fund and contract negotiations are underway. The Peace Fund Secretariat structure has been adopted. The Scale of Assessment for the AU Peace Fund has finally been adopted in October 2020 with reservations placed by six Member States.

II. KEY AU ASSEMBLY FINANCING DECISIONS

1. Between 2015 and 2017, the African Union Assembly of Heads of State and Government took a number of key decisions on Financing the Union. These are summarised below:

- a) The Addis Ababa January 2015 Assembly/AU/Dec.561(XXIV) and Johannesburg June 2015 Assembly decisions on Financing Assembly/AU/Dec.578(XXV) directed that Member States would fund 100% of the operational budget, 75% of the program budget and 25% of the peace support operations budget.
- b) The July 2016 Kigali Assembly decision Assembly/AU/Dec.605 (XXVII) to (a) implement a 0.2% levy on all eligible goods imported into the Continent to finance the African Union's operational, program and peace support operations budgets starting from the year 2017 (b) to establish a Committee of Ministers of Finance comprising ten Member States, representing the five (5) regions to participate in the preparation of the annual budget, and (c) to implement all aspects related to the operationalization of the AU Peace Fund, in particular the legal, operational and financial rules and regulations.
- c) The January 2017 Decision Assembly/AU/Dec.635(XXVIII) called for the full implementation of the Kigali Decision without undue delay and also decided as follows: (a) The Committee of Ten Finance Ministers should assume responsibility for oversight of the African Union budget and Reserve Fund (b) develop a set of 'golden rules', establishing clear financial management and accountability principles, (c) The current scale of contributions should be revised based on the principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration, and (d) the sanctions regime should be strengthened.
- d) The January 2017 Decision Assembly/AU/Dec. 635(XXVIII) also directed that after funding the budget of the African Union and the Peace Fund, the balance of the proceeds of the 0.2% AU levy on eligible imports, the Committee of Ten Finance Ministers should look into placing surplus in a Reserve Fund for continental priorities as decided by the Assembly.

III. RATIONALE

2. The need for financial reforms that ensure accountability and results is just as critical for the AU as the need for adequate resourcing of the Union, and must be tackled with the same urgency. The financing and budget reform decisions taken by the African Union (AU) Assembly between 2015 and 2017 are therefore intended to deliver the following key objectives:

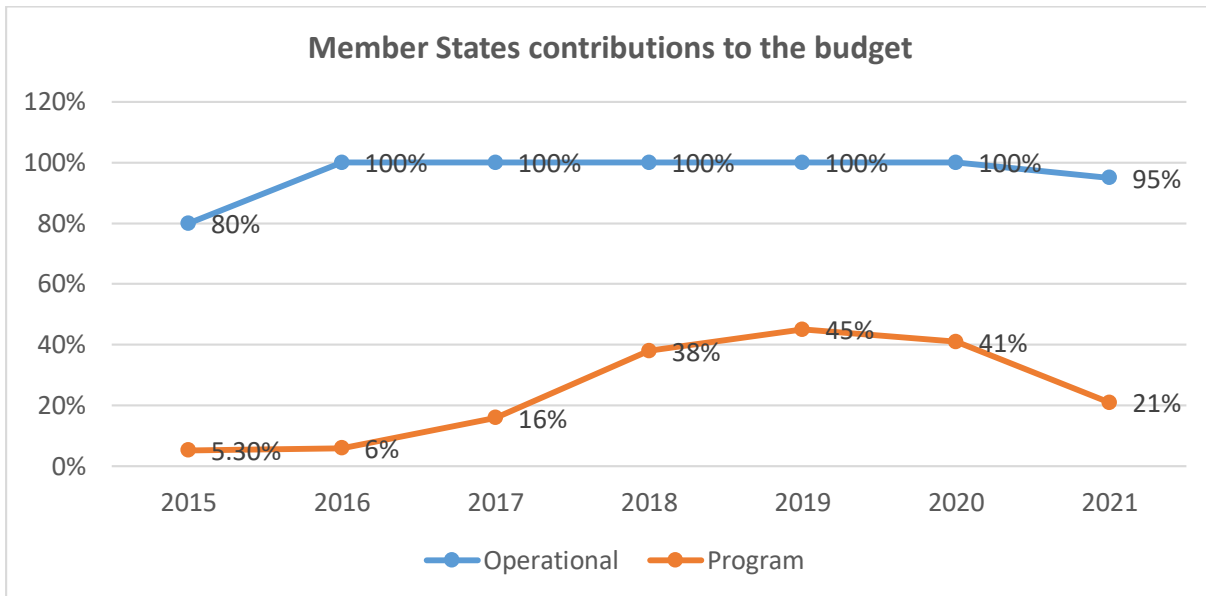
- Financial autonomy and reduced dependency;
- Prudent management of resources and improved accountability;
- Timely and predictable payment of all Member State assessed contributions to the African Union based on the principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration.

- Predictable and sustainable financing of the AU's operational peace and security activities through the revitalization of the AU Peace Fund and the pursuit of strategic partnerships.

IV. PROGRESS TO DATE

A. *Financial autonomy and reduced dependency*

3. Some progress was made following the Assembly's 2015 financial autonomy decisions. Member States are responsible for 100% of the operational budget and have maintained their commitment on this. Progress towards achieving the 75% target in Member States' contribution to the programme budget was made between 2017 and 2019. As shown by the table below there has been a reversal of progress since 2017:



B. *Golden rules for financial and budget management*

4. The 'golden rules' for the proper management of the AU's finances were considered by the Committee of Finance Ministers in January 2018 and adopted by the AU Assembly in the same month. These are currently being translated into AU policy and procedures and will also be reflected in the AU's updated Financial Rules and Regulations.

C. *Enhanced budget oversight by Ministers of Finance*

5. Two key decisions at the January 2018 Summit: First, the adoption of the AU budget has been delegated to the Executive Council which will review the AU budget in

a joint sitting of Foreign Ministers and Ministers of Finance every June/July. Second, the Committee of Finance stronger technical oversight of the AU budget in collaboration with relevant Organs.

D. Implementation of the 0.2% levy on eligible imports

6. 26 AU Member States have reported that they are at various stages of implementation of the 0.2% levy decision. Of these, 17 Member States have actually started collecting the funds.

7. There is flexibility built into the implementation of the 0.2%. This is in line with Rule 33 of the Assembly Rules of Procedure, based on which the Kigali Financing Decision is categorized as a Directive.

8. An AU Directive binds Member States to the objectives to be achieved **while leaving national authorities with the power to determine the form and the means to be used for their implementation.**

9. Member States, therefore, have the ability to determine the appropriate form and the means they will use to implement the 0.2% decision in line with their national and international obligations. It is for this reason that Member States that are, for example, members of the World Trade Organization have found ways to implement the 0.2% levy without contravening their international trade obligations.

E. Operationalizing the AU Peace Fund

10. The January 2018 Summit the AU Assembly adopted the Peace Fund instrument based on the governance and management structure endorsed by the Peace and Security Council, Executive Council and AU Assembly in 2017.

11. As at November 2020, 54 AU Member States have contributed just over **\$206.6m to the Peace Fund.** This represents the largest amount of money Member States have ever contributed to the Peace Fund since it was established in 1993.

12. The target is to have the full \$400m Peace Fund Member State endowment in place by 2023. The Peace Fund will enable the AU to drive its own peace and security agenda on the basis of its own assessment of the problems and its own determination of the appropriate solutions.

13. The Peace Fund Board of Trustees, which was established in November 2018 and has been focused on the full operationalization of the AU Peace Fund governance and management structure. Following an open tender process and in-depth due diligence assessments, two Fund Managers have recently been identified to manage the AU Peace Fund and contract negotiations led by the Office of the Legal Counsel are currently underway. The terms of reference and structure for the Peace Fund Secretariat was adopted in the February 2020 Summit. Recruitments will be taken forward as part of the

implementation of Phase 1 of the Transition Plan which was adopted by the Executive Council in October 2020. The Financial Rules and Regulations for the AU including the Peace Fund have been reviewed and will be considered by Policy Organs in February 2021.

F. Revising the Scale of Assessment

14. Prior to 2019, 48% of the AU's regular budget was financed through the contributions of only 5 AU Member States. This presented risks to the stability of the budget. It is for this reason that the August 2017 meeting of the Ministers of Finance recommended the introduction of 'caps' and 'minima' to the scale of assessment in order to improve overall burden-sharing and reduce risk.

15. Proposals for a revised scale of assessment were presented to the Scale of Assessment and Contributions Committee in 2018 and adopted by the Assembly during the February 2019 Summit. Under the new proposal Tier 1 countries will now be responsible for 45% of the AU's regular budget which represents better burden-sharing and less risk to the organization.

Scale of Assessment for the AU Peace Fund

16. During the February 2019 AU Summit, the AU Assembly (Assembly Decision 734) requested the AU High Representative, supported by the AU Commission, to undertake regional consultations on the matter of assessing the Peace Fund and to report back to the Executive Council in July 2019 in Niamey, Niger.

17. The AU Assembly decided (Decision 734) that in the interim, the existing scale of assessment as applied to the regular budget of the Union shall be applied to the 2017-2019 assessment of the Peace Fund and in the event that no concrete recommendations emerge from the consultations, the new scale of assessment as applied for the regular budget shall also be applied to the Peace Fund from 2020-2022.

18. The AUHR's consultations on the scale of Assessment for the AU Peace Fund were concluded in March 2020 and his report on the outcome was submitted to the Executive Council. In October 2020, the Executive Council decided to adopt the use of the scale of assessment for the regular budget for the Peace Fund. Six (6) member states from the northern region entered reservations to the decision.

G. Strengthening the sanctions regime for non-payment of contributions.

19. AU Member States contributions have historically not made on time. Under the previous sanctions regimes, Member States non-payment were classified to be in default only if they were in arrears for two full years. This led to a trend of about 33% of the assessed contributions being regularly held in arrears. Proposals for how to strengthen the existing regime were considered by the Scale of Assessment and Contributions Committee in June 2018 and adopted by the Assembly at the November 2018 Summit.

20. The new sanctions regime is now in force and has significantly improved the contributions collection rate- the collection rate for Member State contributions in 2020 was 81%.

H. Developing a credible medium-term budget framework (2019-2021) based on revenue forecasts and capacity to spend

21. The Assembly recognized that there was an urgent need for the AU to improve the credibility of its budget, strengthen financial management capacity and accountability and demonstrate value for money and results to its Member States. In order to address these key issues, the Assembly took a very purposeful decision in establishing the Committee of Finance Ministers (initially the F10, now expanded to the F15). The Assembly was clear that the F15 should play a strong budget oversight function role in order to ensure that: (i) the AU is held to the highest standards of finance and budget management, and (ii) a credible budget based on capacity to spend and proper revenue forecasts is developed.

22. No progress has been made on the development of a medium term budget and this remains a top priority which will improve overall planning, predictability in terms of Member State contributions and improved overall impact and results.

23. The development of the medium term budget should be preceded by a programme review to assess the overall performance, effectiveness and impact of the AU's programme budget. Given the impact of the COVID-19 pandemic on African economies the effectiveness and predictability of AU budgets is a top priority and a medium term budget will go a long way to address this.

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AU REFORM IMPLEMENTATION MATRIX

| Assembly Decision 635 on Reform | Progress | Key Issues | Status |
|---|---|--|--|
| 1. Focus on key priorities with continental scope | | | |
| a) The African Union should focus on a fewer number of priority areas, which are by nature continental in scope, such as political affairs, peace and security, economic integration (including the Continental Free Trade Area), and Africa's global representation and voice | This decision must be given programmatic, budgetary and structural effect. The structural issues have been largely addressed through the adoption of the new departmental structure. The programmatic issues remain to be addressed through the new medium term plan. | Article 3 of the Constitutive Act sets out the objectives of the AU. The areas identified in Decision 635 fall within the objectives identified and essential call for a prioritization of resources of the core continental issues which also represent the areas of strongest competence for the AU. | Review of the Medium Term Plan underway. |
| b) There should be a clear division of labor and effective collaboration between the African Union, the Regional Mechanisms (RMs), the Member States, and other continental institutions, in line with the principle of subsidiarity. | <ul style="list-style-type: none"> i) Meetings with REC Chief Executives held in 2017, May 2018 and April 2019 ii) Initial findings presented in January 2018 Progress Report iii) Outreach and engagement with RECs undertaken iv) Draft Summary Issues Paper & Roadmap prepared for | <p>Proposals presented to AUC-RECs Chief Executives in April 2019.</p> <p>Final Draft Proposals to be presented to the Mid-Year Co-ordination Meeting in July 2019.</p> | - Issues Paper outlining the general framework for the division of labour adopted by the AU Assembly in July 2018 (Nouakchott) |

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| | <p>discussion with adopted by the Assembly in July 2018</p> <p>v) Several AUC-RECs experts meetings held to develop proposals for the division of labour and the revision of the AUC-RECs Protocol.</p> | | <ul style="list-style-type: none"> - Interim report presented to the Assembly in January 2019 - Interim report presented to the First Mid-Year Co-ordination Meeting, July 2019 (Niamey) - Sample division of labour for three thematic areas presented to the Second Mid-Year Co-ordination Meeting, October 2020 |
| Assembly Decision 635 on Reform | Progress | Key Issues | Status |
| 2. Realigning African Union institutions in order to deliver against the above priorities | | | |
| <p>a) The Commission's structures should be re-evaluated to ensure that they have the right size and capabilities to deliver on the agreed priorities.</p> | <ul style="list-style-type: none"> i) Review of existing proposals and documentation ii) Initial consultations with relevant stakeholders iii) Draft Concept Paper and Terms of Reference for the Organizational Review iv) Consultancy firm recruited following open tender (March 2019) v) Draft proposals reviewed by the Commission (14 May 2019) | <p>Initial presentation to the Bureau of the sub-committee on Structures (15 May 2019)</p> <p>Consideration by PRC Sub-Committees on Structure and Budget (28-29 May and 6-7 June)</p> <p>Consideration by PRC (week beginning 17 June)</p> <p>Consideration by the Executive Council (5-6 July 2019)</p> | <p>Completed. New inter-departmental structure for the AU Commission adopted by the AU Assembly January 2020</p> <p>Review of the Representational, Liaison and Regional Offices was due July 2019 but remains outstanding.</p> |
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| <p>b) The Commission's senior leadership team should be lean and performance-oriented;</p> | <p>i) Review of existing portfolios in line with decisions on prioritization and division of labour as well as 2(a) above.</p> | <p>No issues related to the Constitutive Act. Article 20 of the Act does not determine the number of Commissioners or any specific portfolios. Some revision of Rules of Procedure and Statutes of the Commission (Article 2) will be required. But note that under Article 2(2) the Assembly has the power to review the number of Commissioners.</p> | <p>Completed. New senior leadership structure adopted by the Assembly in November 2018</p> |
| <p>c) NEPAD should be fully integrated into the Commission as the African Union's development agency, aligned with the agreed priorities and underpinned by an enhanced results-monitoring framework;</p> | <p>i) New AUDA-NEPAD mandated adopted in November 2018</p> <p>ii) Extraordinary STC on Justice and Legal Affairs held to review AUDA-NEPAD Statutes held in April 2019.</p> <p>iii) Division of Labour between the AUC and AUDA-NEPAD clarified to guide development of proposed structures.</p> <p>iv) Draft AUDA-NEPAD structure prepared and awaiting presentation to the Executive Council in July 2019, Niamey, Niger.</p> | <p>Full mandate and draft structure for AUDA-NEPAD have been developed and will be presented to the Executive Council in July 2019.</p> | <p>Completed in July 2019. NEPAD Statutes and structure adopted by Policy Organs</p> |
| <p>d) The African Peer Review Mechanism (APRM) should be strengthened to track implementation and oversee monitoring and evaluation in key governance areas of the continent;</p> | <p>i) Assembly Decision on strengthening APRM taken in November 2018. Main focus on financial sustainability and integration of the APRM into the AUC budget.</p> | <p>Implementation underway (PBFA lead)</p> | <p>Completed November 2018 and APRM integrated into the AUC budget.</p> |

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| | <p>ii) APRM to present an annual Status of Governance Report to the Ordinary Session of the Assembly.</p> | <p>APRM lead</p> | <p>Completed. First report presented in February 2020</p> |
| <p>e) The roles and functions of the African Union judicial organs and the Pan-African Parliament should be reviewed and clarified, and their progress to date assessed;</p> | <p>i) Review of legal frameworks and base documents ii) Initial consultations with the Judicial and quasi-judicial organs and Pan-African Parliament undertaken in 2018 iii) Initial Findings presented in July 2018 Update to the AU Assembly.</p> | <p>No issues related to the Constitutive Act. The key challenges relate to the low level of ratifications of Protocols relating to some of the key Organs, which has a knock-on effect in terms of full mandate delivery and impact. There are also a number of governance and administration issues to be resolved.</p> <p>PRC/Organs Retreat to be held in September 2019 with a view to an update in February 2020</p> <p>Additional Staff required to take this work forward.</p> | <p>Final report expected in January 2020 (outstanding).</p> |
| <p>f) The Peace and Security Council (PSC) should be reformed to ensure that it meets the ambition foreseen in its Protocol, by strengthening its working methods and its role in conflict prevention and crisis management;</p> | <p>i) Initial consultations with the AUC, PSC Members and the PSC ii) Draft Review Concept for the Peace & Security Council presented to the PSC in April 2018</p> | <p>No Issues related to the Constitutive Act. The Decision is related to strengthening the role of the PSC in crisis management and prevention in line with the Protocol. Several studies are available on the PSC and its effectiveness, and the PSC has held various retreats and generated several of its own recommendations on how to improve its working methods. There is therefore a large body of existing material to inform the process.</p> <p>Additional staff required to take this work forward. Further discussions required with the PSC to reach agreement on a way forward.</p> | <p>Outstanding</p> |

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| <p>g) The Permanent Representatives Committee's (PRC) Rules of Procedures should be reviewed and be in line with the mandate provided for in the Constitutive Act of the African Union. The PRC should facilitate communication between the African Union and national capitals, and act as an advisory body to the Executive Council, and not as a supervisory body of the Commission</p> | <p>Engagement plan to be developed and discussed with the PRC.</p> | <p>No issues related to the Constitutive Act</p> | <p>Outstanding</p> |
| <p>Assembly Decision 635 on Reform</p> | <p>Progress</p> | <p>Key Issues</p> | <p>Status</p> |
| <p>3. Connecting the African Union to its citizens</p> | | | |
| <p>a) The Commission should establish women and youth quotas across its institutions and identify appropriate ways and means to ensure the private sector's participation;</p> | <p>Done in January 2018 Summit</p> | <p>Implementation underway (WGDD, HRST and AHRM leading)</p> | <p>January 2018 Assembly Decision 685</p> |
| <p>b) The Commission should establish an African Youth Corps, as well as develop programs to facilitate cultural and sports exchange among Member States;</p> | <p>Assessed in 2017 and January 2018 Progress Report recommended focusing on Strengthening the Youth Volunteer Programme and made a number of specific recommendations which were endorsed.</p> | <p>Implementation underway (HRST lead)</p> | <p>January 2018 Assembly Decision 685</p> |
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| <p>c) Member States should make the African passport available to all eligible citizens as quickly as possible, in line with the Assembly decision Assembly/AU/Dec.607(XXVII) adopted in Kigali, Rwanda in July 2016</p> | <p>Guidelines on the specifications, design and production of the African passport were finalised and adopted by the Executive Council in January 2019</p> <p>Model Law on the protocol on free movement currently under preparation (AUCIL/OLC/DPA). To be finalised by December 2019 with submission to the STC on Justice and Legal Affairs in 2020.</p> | <p>Implementation will take place with the entry into force of the Protocol on Free Movement of Persons in Africa adopted in January 2018 by the AU Assembly and signed by 31 African countries. Only 1 African country has ratified the Protocol. 15 ratifications are required for it to enter into force. Proposals on how to speed up ratifications are being considered for adoption by the Assembly.</p> <p>Member States to establish national frameworks for the production and issuance of the African passport. NB: This is linked</p> | <p>Average timeline for the entry into force of AU Protocols is 5 years.</p> <p><u>Critical that the pace of ratification is accelerated.</u></p> |
| <p>i) The Commission should identify and provide a set of new capabilities or 'assets' in the form of common continent-wide public goods and services valued by Member States and citizens. Such services could include the provision of neutral arbitration and competition services, or a common technical platform for the data and analysis needed to assess Africa's progress toward its development goals;</p> | <p>i) Identify and assess existing continent-wide public goods and services.</p> <p>ii) Inventory of existing public goods and services prepared.</p> <p>iii) Recommendations on how to optimise and strengthen existing public goods to be developed</p> <p>iv) Communication plan around existing services to be developed.</p> | <p>No Issues related to the Constitutive Act</p> <p>Additional Staff required to take this work forward.</p> | <p>Outstanding</p> |
| <p>j) Member States should engage their Parliaments and citizens, including civil society, on the African Union reform process.</p> | <p>Member States to update</p> | <p>No issues related to the Constitutive Act.</p> | |

| Assembly Decision 635 on Reform | Progress | Key Issues | Status |
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| <p>4. On managing the business of the African Union efficiently and effectively at both political and operational levels 4.1. On political management of the Union</p> | | | |
| <p>a) The African Union Assembly shall handle an agenda of no more than three (3) strategic items at each Summit, in line with the Me'kelle Ministerial Retreat recommendations. Other appropriate business will be delegated to the Executive Council;</p> | <p>i) Already implemented during July 2017 Summit ii) Work to improve the overall working methods and improve the overall efficiency and effectiveness of Policy Organ meetings still required.</p> | <p>No Issues Related to the Constitutive Act</p> | <p>Ongoing</p> |
| <p>b) The Assembly shall hold one Ordinary Summit per year, and shall hold extraordinary sessions as the need arises;</p> | <p>To be implemented from January 2019.</p> | <p>Following Assembly Decision 685, budget adoption is now delegated to the Executive Council (Joint Sitting of Ministers of Foreign Affairs and Finance). The first sitting will take place in July 2019. On venue, the existing Rules of Procedure provide for the January Sessions of the Assembly to be held at the AU Headquarters (Rule 5). Rule 11 also provides for Extraordinary Sessions of the Assembly The Extraordinary Sessions are to be held at the AU Headquarters unless a Member State invites the Assembly to hold a session in its country.</p> | <p>Completed January 2019</p> |
| <p>c) In place of the June/July Summit, the Bureau of the African Union Assembly shall hold a coordination meeting with the Regional Economic Communities with the participation of the Chairpersons of the Regional</p> | <p>First Meeting to be held in July 2019, in Niamey Niger. Experts' preparatory meetings held from April- May 2019. Chief Executives Meeting held end April 2019.</p> | <p>No Issues related to the Constitutive Act. This meeting will provide a forum for enhanced co-ordination on the implementation of the continental integration agenda. Draft Rules of Procedure, Work programme for the Mid-Year Meeting and draft Proposals on an enhanced division of labour presented to</p> | <p>Completed July 2019.</p> |

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| <p>Economic Communities, the AU Commission and Regional Mechanisms. Ahead of this meeting, the AU Commission shall play a more active coordination and harmonization role with the Regional Economic Communities, in line with the Treaty establishing of the African Economic Community (the Abuja Treaty);</p> | <p>Final Legal Experts meeting on the review of the protocol to be held 30-31 May 2019.</p> | <p>AUC/RECs Chief Executives meeting (April 2019).</p> | |
| <p>d) External parties shall only be invited to Summits on an exceptional basis and for a specific purpose determined by the interests of the African Union;</p> | <p>Implemented</p> | <p>No Issues related to the Act.</p> | <p>Completed</p> |
| <p>e) Partnership Summits convened by external parties should be reviewed with a view to providing an effective framework for African Union partnerships. Africa should be represented by the Troika, namely the current, incoming and outgoing Chairpersons of the African Union, the Chairperson of the AU Commission, and the Chairpersons of the Regional Economic Communities</p> <p>f)</p> | <p>Assembly Decision 635 takes primacy over all preceding decisions on this matter.</p> <p>Decision taken but not yet implemented.</p> | <p>The representation formula is to be mainly used within the context of continent to country meetings and should start being applied. There needs to be clarity on potential exclusions.</p> | <p>Decision in force since January 2017 but challenges in adherence and implementation.</p> |

| Assembly Decision 635 on Reform | Progress | Key Issues | Status |
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| 4.2. Operational Management of the Union | | | |
| <p>a) The election of the Chairperson of the AU Commission should be enhanced by a robust, merit-based, and transparent selection process</p> | <p>i) Assembly Decision on the selection of the senior leadership taken in November 2018.</p> | <ul style="list-style-type: none"> - Panel of Eminent Persons (1 from each AU region) has not yet been established. Deadline was February 2019, this was extended to end April 2019. - Only 2 nominations received so far (Southern region and the Northern region). Critical that this panel is established and announced during the Niamey Executive Council meeting. | <p>November 2018 Assembly Decision adopted on the selection of the senior leadership retains the election model</p> |
| <p>b) The Deputy Chairperson and Commissioners should be competitively recruited in line with best practice and appointed by the Chairperson of the Commission, to whom they should be directly accountable, taking into account gender and regional diversity, amongst other relevant considerations</p> | <p>ii) Assembly Decision on the selection, termination and performance management of the senior leadership taken in November 2018.</p> | <ul style="list-style-type: none"> - Panel of Eminent Persons (1 from each AU region) has not yet been established. Deadline was February 2019, this was extended to end April 2019. - Only 3 nominations received so far (Central, Southern region and the Northern region). Critical that this panel is established and announced during the Niamey Executive Council meeting. - Alignment of the Rules of Procedure required to reflect November 2018 Assembly Decision. Draft Report on amendments prepared by OLC in February 2019 (Office of the Legal Counsel) - November 2020 STC on Justice and Legal Affairs to consider proposed amendments. Agenda to include this item (Office of the Legal Counsel) | <p>November 2018 Assembly Decision adopted on the selection of the senior leadership retains the election model</p> <p>Completed</p> <p>Underway</p> <p>Outstanding</p> |

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| | | <ul style="list-style-type: none"> - Preparation of 2020 annual goals and targets for the Commission (Strategic Planning to lead working with AUC Directors) - Consideration of annual goals and targets by the Commission - Consideration by the Policy Organs | <p>Outstanding</p> <p>Outstanding</p> |
| c) The Deputy Chairperson role should be reframed to be responsible for the efficient and effective functioning of the Commission's administration; | <p>Statutes of the Commission already provide for this. November Assembly decision retained the language contained in the Statutes.</p> <p>Proposals for the new Director-General will reinforce DCP's role in the effective management of finance and administration.</p> | No Issues related to the Constitutive Act. | Completed November 2018 |
| d) The title of Chairperson and Deputy Chairperson may also be reconsidered; | Current titles retained in November 2018 Assembly Decision. | No change in title. | Completed |
| e) A fundamental review of the structure and staffing needs of the organization, as well as conditions of service, should be undertaken to ensure alignment with agreed priority areas. | <ul style="list-style-type: none"> i) Review existing assessments and studies ii) Recruit Organisational Restructuring and HR Experts iii) Initial Diagnostic including a review of existing organisational and human resource reform measures undertaken | <p>Draft proposal for the new AU Commission (headquarter level) structure being finalised (<u>24 May 2019</u>) for presentation to the PRC sub-committees on Structure and Budget (<u>28-29 May</u>) and presentation to the PRC (week beginning 17 June) before presentation to the Executive Council (<u>5-6 July Niamey</u>)</p> <p>Draft Terms of Reference for the independent Skills Audit and Competency Assessment done</p> | <p>Proposals adopted in February 2020 Summit. Transition Plan adopted by the Executive Council in October 2020</p> <p>Skills Audit and Competency Assessment</p> |

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| | <ul style="list-style-type: none"> iv) Terms of Reference for the Fundamental Structure and Staffing Review v) Consultations with key stakeholders. vi) Develop proposals on structure and staffing requirements (with financing implications included) | awaiting consultation with R10, Staff Association, Commission and sub-committee Bureau (AHRM). <u>Target: October 2020</u> | for Phase 1 to be initiated in 2021. |
| f) Administrative bottlenecks and inefficiencies addressed. | <ul style="list-style-type: none"> i) 2017 Status financial administrative and governance matters undertaken in October 2017 ii) Roadmap on implementation of administrative and financial reforms presented to the 34th Ordinary Session of the Executive Council, February 2019 | <p>Update on the Status of the Implementation of Administrative and Financial Reforms to be presented in July 2019 (BDGP working with AHRM/PBFA to lead).</p> <p>Update to sub-committee on General Supervision, Budget and Administrative Matters, PRC and Executive Council (May-July 2019)</p> | Ongoing |
| Assembly Decision 635 on Reform | Progress | Key Issues | Status |
| 5. Financing the Union sustainably and with the full ownership of the Member States | | | |
| a) The Kigali Decision on Financing of the Union (Assembly/AU/Dec.605(XXVII)) should be implemented in full and without undue delay; | <ul style="list-style-type: none"> i) 24 AU Member States have started the process of implementing the 0.2% levy. ii) AU Peace Fund enhanced governance and management arrangements endorsed in 2017 and Instrument adopted in January 2018. Board of Trustees (BoT) established in November 2018 and has met twice. iii) Since 2017 54 Member States have contributed \$206.6m to | <p>0.2%: Need to accelerate progress in the implementation of the 0.2% decision. The key targets should be: Increasing the number of countries implementing 0.2%. (Target: 35 MS by January 2020) which requires a revitalised outreach and engagement strategy and; increasing the number of countries remitting their assessed contributions using the levy proceeds (35 by January 2020). This will require finalising the modalities for the remittance of levy proceeds.</p> | <p>Outstanding</p> <p>Full operationalisation of the AU Peace Fund in 2021 in line with the roadmap agreed with key stakeholders in February 2020 on target.</p> |

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| | <p><i>the AU Peace Fund and President Macky Sall has contributed \$500k</i></p> <p>iv) Board of Trustees in place v) Fund Manager contract negotiations underway vi) Peace Fund Secretariat Structure adopted vii) Scale of Assessment agreed with reservations from some Member States from the northern region viii) Draft AU Peace Fund Rules and Regulations for the Peace Fund cleared by the BoT and to be reviewed and adopted by Policy Organs February 2021. ix) United Nations Security Council Resolution 2320 (2016) established a formal basis for the engagement with the UN Security Council on the use of UN assessed contributions to finance AU mandated/authorized peace support operations. Negotiations stalled due to change in US administration in 2016.</p> | <p>Scale of Assessment for the AU Peace Fund issue has finally been resolved following lengthy debate.</p> | |
| <p>b) The Committee of Ten Finance Ministers should assume responsibility for oversight of the African Union budget and Reserve Fund (in para D(iii)), and develop a set of 'golden rules', establishing</p> | <p>i) Implemented. Committee of Fifteen Finance Ministers established ii) Golden rules adopted in January 2018 Summit and being operationalised</p> | <p>Implemented. No issues related to the Constitutive Act First Joint sitting of the Ministers of Finance and Ministers of Foreign Affairs to adopt the budget expected in July 2019 (PBFA leading)</p> | <p>Done but consistent participation of Finance Ministers in AU finance and budget matters needs to be strengthened</p> |

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| clear financial management and accountability principles; | | | Completed |
| c) After funding of the budget of the African Union and the Peace Fund, the balance of the proceeds of the 0.2% AU levy on eligible imports, the Committee of Ten Finance Ministers should look into placing surplus in a Reserve Fund for continental priorities as decided by the Assembly; | January 2018 Decision reversed this decision and stated that Member States should retain any surplus. | No further action required. | Completed |
| d) The current scale of contributions should be revised based on the principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration. | Assembly Decision 734 on the new Scale of Assessment for the payment of Member State contributions to the regular budget and the Peace Fund adopted in February 2019 | Regional Consultations on the Scale to be applied to assess Member State contributions to the Peace Fund to be undertaken by the AU High Representative for Financing the Union and the Peace Fund (May-June 2019). Interim report delivered to the Executive Council in Niamey, Niger 4-5 July 2019. Final Report delivered to the Executive Council in October 2020. Decision adopted with reservations from 6 Member States of the northern region placed. | Completed |
| e) Sanctions regime for the non-payment of Member State contributions strengthened | <p>New improved sanctions regime adopted by the AU Assembly in November 2018 as follows:</p> <p>a. Those Member States which fail to meet their obligations and have not settled at least 50% of their current assessed contributions after the second quarter (6 months) of each financial year in which the contribution is due shall be</p> | New sanctions regime is applicable from July 2019 | Completed |

deemed to be in arrears taking into account the budget cycles of Member States;

- b. The short-term period for Member States to be in arrears shall be six (6) months, intermediate period for Member States to be in arrears shall be one (1) year and the long-term period for Member States to be in arrears shall be two (2) years;
- c. Sanctions shall be applied in three parts, namely, the **cautionary sanctions** for the short term arrears, **intermediate sanctions** for the intermediate arrears and **comprehensive sanctions** for the long-term arrears;
- d. Cautionary sanction, which deprives Member States of their rights to speak at meetings of the African Union shall be applied to those in short term arrears;
- e. Intermediate sanctions shall include all sanctions outlined in the Constitutive Act (Article 23(1)), the Rules of Procedure of the Assembly (Rules 5, 26, 35 (2.a)), AU Financial Rules and Regulations (Article 78(6)) and the Statutes of the Commission

(Article 18 (8)) plus the suspension of Member's right to:

- i) Be a member of a Bureau of any Organ of the Union;
 - ii) Host any Organ, Institution or Office of the Union;
 - iii) Have its nationals participate in electoral observation missions, human rights observation missions; or be invited for any meeting organized by the Union;
 - iv) Have its nationals appointed as elected and nonelected staff including consultants, volunteers, interns etc.
- f. Comprehensive sanctions shall include all the sanctions in paragraphs (c) and (d) above, those outlined under Assembly Rules of Procedure (Article 35 (2.b)) plus suspension of the Member State's right to participate in meetings of the Union;

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