



The African Union

**REMARKS BY THE AFRICAN UNION COMMISSION
DEPUTY CHAIRPERSON**

**PRESS CONFERENCE ON FINANCING OF UNION
AND INTERNAL REFORMS.**

**AU HEADQUARTERS, SMALL CONFERENCE ROOM 4,
1ST JULY 2017, 1430 HOURS.**

Good afternoon media colleagues,

Let me appreciate you for coming and for your interest to tell the African narrative.

This afternoon, I want to brief you on the progress on the implementation of the Decision adopted by the Heads of State in Kigali last year on Financing of the Union.

As you may know, our continent remains vulnerable to internal and external shocks, which calls us to build a resilient financial regime that is able to effectively respond to such uncertainties. Inadequate resources have continued to impact negatively on the implementation adeptness of the Union to deliver on the pledges it has made to the African citizenry.

Its in that background that the Heads of State adopted the Decision on Financing of the Union to **finance 100%** of the Operational Budget which is mainly to Finance the cost of running the Union, its organs, Specialized Technical Agencies, its representational offices and agencies across the world including NEPAD and APRM.

As you know. NEPAD is doing great work facilitating and coordinating the development of continental programmes and projects, mobilizing resources and engaging the global community, regional economic communities and member states in the implementation of these programmes and projects.

APRM, as Member States self-monitoring instrument, equally chips in by advocating for sound democracy and political governance, economic

governance and management, corporate governance and socio-economic development. And therefore it is important, these and all other AU Agencies get the adequate funding to implement their mandate.

The decision also seeks to **finance 75%** of the Program Budget where the flagship programmes are covered such as the Continental Free Trade Area (CFTA) and other key flagship projects whose socio-economic benefits cannot be underestimated. The 75% will also go to the implementation of Summit decisions, such as what we are doing now implementing the Financing of the Union decision, the Theme of the year and so on as well as maintaining continental response readiness for emergencies of either political or social nature. You witnessed abrupt crisis such as Ebola and the political crisis such as the events in Burundi and the need to have a financial contingent that can respond to such unforeseen emergencies.

Also, **25% of the contributions** will go to finance the Peace Fund to cover operational activities such as Mediation and Preventive Diplomacy, Institutional Capacity and Peace Support Operations. The international community has been cutting down on their contributions, if you look at the European Union, they cut their funding to peace and security activities in Africa by about 20% and Africa therefore needs to bridge that deficit.

In this context, I am pleased to note that Africa continues to make great strides in its quest for financial independence and sustainability. To reaffirm Africa's renaissance and in appreciation of the difficulties we face in the over-reliance on development partners for funds, and whose biases

and priorities sometimes negate the spirit of Pan-Africanism, the momentum in the implementation of the 0.2% levy to finance the Union's budget continues to gain traction.

About ten (10) of our Member States are at various stages of implementing the decision on financing of the Union. Just to mention some of them, we have Kenya, Rwanda, Chad, Ethiopia and Republic of Congo and Ghana.

Our member states have also, since the beginning of this year, been making payments towards the Peace Fund contribution as part of the assessed contributions. We have about 10 of them already making payments to the Peace Fund.

In the implementation process of the decision, 2017 is a transition year to allow all our Member States to put in place appropriate instruments, for the full implementation of the decision and so we are optimistic that from 2018, all our 55 states will oversee the full, consistent and timely implementation of this decision. A well-functioning financial regime is essential to foster long-term economic growth.

Infact, if you look at the Union Budget for 2018, the Decision on Financing of the Union is fully reflected to allow for the expected gradual increase in Member States assessed contributions over the next five years to meet the 100%, 75% and 25% projections.

ON INTERNAL REFORMS

Strengthened internal institutional reforms at the Commission, remain a key priority for us. Since taking office on March 15th, we have begun an internal audit exercise to establish and fully understand the status of the commission. This exercise, once complete, and also in complementing the ongoing AU reforms, will assist us to effectively address the challenges that continue to hamper the Commission from realizing its full potential.

Our focus remains on a number of key areas:

- One; on ensuring conformity with international financial management and accounting standards, particularly as the implementation of the decision on financing of the Union continues, and as an assurance of the proper utilization of resources.
- Two; we strive to adapt and put in place proper policies, systems, guidelines and procedures that drive the institutionalization of good practices
- We are also keen to have regular Financial Management and Accounting reports to facilitate informed decision-making and priority evaluation and setting.
- Most importantly, making deliberate and substantial investment in capacity development for staff is important to harness the potential of our staff who are key pillars in delivering the anticipated goals and vision of the Union. Gender equality, regional balance and inclusion of the youth in the African agenda, remain a priority.

Therefore, the improvement of the institutional integrity and credibility is of great significance as we move forward.

Let me however emphasize that all the efforts I have mentioned, will be futile if we do not have an able human resource capacity to undertake the ambitious projects that this finances will be channeled to. As you know, the theme for this year is **"Harnessing the Demographic Dividend Through Investments in Youth."** We want our youth to prosper and that can only be achieved if we promote youth mainstreaming and participation in all development activities and also increase the commitment and investment in our youth.

We do not want the youth engaging in vulnerable employment, such as subsistence farming or urban street hawking, or crossing the Mediterranean Sea in search of jobs, or even falling prey to radicalization and fanaticism, no. We want engineers, we want our own Albert Einsteins. It's quite important then, that we prepare the youth adequately for it. That preparation starts from the good foundation. That is why we are saying we need "Every African child in school by 2020". Let's give every child a great start in life. Let us also find linkages between education, training and the labour market to make our youth either employable or entrepreneurs. African economies are being transformed and poised to take advantage of accelerating science, technology and innovation. It is extremely important that Africa fully exploit the demographic transition because of the economic and societal benefits it brings with it.

We should draw some lessons from the success of the “Asian Tigers” or the “Asian Miracle” which can be attributed to the demographic dividend in several countries in Asia. The success in Asia clearly signals that if Africa's demographic transition is positively utilized, it can contribute to boosting future economic growth, shared prosperity and make Africa a global player.

I thank you.