

AFRICAN UNION

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**ASSEMBLY OF THE AFRICAN UNION**  
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**REPORT OF THE CHAIRPERSON OF THE  
COMMISSION ON THE AU INSTITUTIONAL REFORMS**

## I. CHAIRPERSON'S FOREWORD

1. On the occasion of this Extraordinary Summit it is appropriate, from the outset, to remind ourselves of the high aspirations that the founding members of the pan-African vision had for our common good and to celebrate their pioneering spirit in laying a worthy foundation which successive generations of Africans at home and in the Diaspora have built upon to this day. If there was any lesson that the pioneers of our pan-African dreams drew and then imparted through their teachings and actions, it was that solidarity among Africans and a unity of action among them were indispensable to the goal of retrieving and defending our individual and collective dignity.

2. It is, therefore, equally appropriate on the occasion of this Extraordinary Summit to recall and celebrate the fighting spirit that guided them as they mobilized the people of Africa from all walks of life to unite in the march to freedom and independence, doing so in the conviction that history was on the side of the oppressed. One abiding lesson which their efforts left for us is that no matter how imperfect the conditions may be, where the people and their leaders find the necessary political will, they can redirect the course of history in favour of their common cause for freedom, dignity, and unity.

3. Historians whose specialist trade is the recording of events that a future generation may not have been privileged to witness directly have captured for us through their accounts and in the archives that have been kept, the emotions that ran high as the OAU was launched at its historic inaugural session here in Addis Ababa in 1963. Differences in approach among the leaders on the project of African unity seemed to pitch the Monrovia group of gradualists against the Casablanca group of fast trackers. Professional pessimists of the time interpreted the debates that raged either as evidence of an Africa that was not ready for the task of unity and integration or the warning signs of a looming failure of post-independence leadership. They were wrong on both scores.

4. 1963 embodied many lessons for the making of contemporary pan-Africanism but one of them stood out most clearly: Competing views and perspectives will always abound in the search for ways of updating and advancing our pan-Africanism - and that is a healthy thing in and of itself - but in the end, the African genius asserts itself and steers leaders toward a meeting point they can all embrace with enthusiasm. The message that emanated from the deliberations was equally clear: The critical issue that was at stake was not one of whose ideas were right or whose ideas were wrong. Rather, what was crucial was the agreement that there was a unique moment that had presented itself for leaders and peoples to seize in institutionalising pan-Africanism on the continent for the first time in history and, in doing so, advancing the global African struggle for dignity and freedom.

5. African leaders assembled in Addis Ababa in 1963 showed all of us the role and place of statesmanship in overcoming apparent divides in order to safeguard the common good. For, in the end, what is at stake in matters of African unity and progress is not a zero sum competition over doctrine but a collective effort at fashioning out pragmatic ways of promoting a shared reawakening. This rings as

true today as it did yesterday. It is one of the secrets behind the resilience of the pan-African ideal from age to age, generation to generation.

6. All organisations have their time and place before the imperatives for their rebirth take hold. While we were all collectively grateful that we had the OAU soon after independence began to dawn, there was also universal consensus across the continent that, in the face of a rapidly changing world, something much more than the OAU was needed to continue to secure our freedom and dignity as humanity marched towards a new millennium of a free South Africa.

7. In one uncommon moment of unison during the course of the 1990s, voices from below and perspectives from above came together to propel the march towards the establishment of the African Union as a successor to the OAU. In the conversations that led up to the drafting of the Constitutive Act of the Union, the transitional period between the OAU and the AU, and the formal launch of the AU in 2002, there was a broad consensus that we were in urgent need of a continental organisation that would:

- a) Serve as a union of our peoples and in so doing, advance our project of unity in solidarity through a variety of measures that include free movement of citizens across boundaries and the harnessing of citizen voices into Union matters.
- b) Give deeper meaning to the political freedoms we have won by vigorously prosecuting the economic liberation of the continent. Take decisive steps to more effectively harness the African voice in world affairs generally and within the counsels of the United Nations in particular.
- c) Build stronger bridges to the African Diaspora. Invest in our collective capacity to prevent intra and inter-state crises and to manage conflicts, including peace-keeping/enforcement operations as and when they arise.
- d) Be self-sustaining in human and financial terms through our collective efforts and sacrifices to break the cycle of dependency that had tended to limit our horizon.

8. There was also a broadly shared consensus that given the challenges of the times and the aspirations driving the quest for the next phase of the pan-African journey, creativity, innovation, and boldness would be required to put in place the necessary delivery mechanisms and instruments. It is a tribute to the leaders and peoples of the continent that the boldness of vision and single-mindedness of purpose were deployed to endow the continent with an AU worthy of its name and solid enough to provide a durable foundation by which Africa can truly set out to claim the 21st century as its century of transformation and re-emergence.

9. Thus it was that in the design of the organs of the Union, care was taken to put in place a Commission which, in mandate and composition, went beyond the basic functions that the old secretariat of the OAU performed. Other critical organs

to guide, complement, and oversee the work of the Commission were also put in place. Provision was made in the institutional architecture of the Union for a pan-African parliament and an African Court. Connected to the architecture was the New Partnership for Africa's Development (NEPAD) and the African Peer Review Mechanism (APRM). Integral to the thinking that went into the design of the structures of the new pan-African body were ideas about its financing and sustainability.

10. The period since the formal launch of the AU in 2002 has been dominated by efforts at building and consolidating different elements of its institutional structures, processes, and sustainability. To this end, various initiatives have been carried out with a view to ensuring that the Union grows to become an efficient, effective, integrated, and self-sustaining entity in the vanguard of the African quest for structural transformation and durable peace and stability. Aside from the efforts deployed by successive heads of the AU Commission and other organs of the Union to establish the essential basis for a credible and functional organisation, African leaders have also commissioned and reviewed dedicated reports designed to help strengthen the programmatic, administrative, and financial foundations of the Union. From the Adedeji and Obasanjo reports to the more recent reform reports, a harvest of ideas has been cumulated on how to recalibrate the Union and make it better equipped for the challenges of harnessing the collective African interest at home and internationally. Particularly worthy of special salute is the decision that has been reached, that it is a matter of self-respect and must not be postponed further, for Africans to be the main financiers of their Union.

11. This Extraordinary Summit has the historic duty of moving Africa from rhetoric to action by translating key recommendations for returning our Union on which broad consensus has emerged into actionable decisions. Specifically, the Summit is called upon to approve the implementation of reform action in the following domains:

- a) The reform of the AU Commission in order to eliminate duplication in its structure and portfolios, enhance the selection of the senior leadership, and accelerate administrative and financial changes with a view to improving overall efficiency;
- b) A revamping of the financing the Union in order to improve burden among member states through a new scale of assessment, achieve a more predictable and timely payment of member state contributions, and enlarge the African capacity to finance the continent's peace and security priorities;
- c) The transformation of NEPAD into the AU Development Agency by agreeing on the new mandate of the AU Development Agency in line with Assembly/AU/Dec.691(XXXI);
- d) Strengthening the African Peer Review Mechanism (APRM) as an African tool to track and monitor progress in governance across our Member States;
- e) Strengthening the Peace and Security Council (PSC);

- f) Establishing an effective division of labour between the AU, RECs, continental organisations and Member States.

12. We are presently undergoing a moment in world affairs when a major realignment of interests is underway, the terms and conditions for the post-1945 multilateral order are being rewritten, and the global governance arrangements crafted after the Second World War are proving to be no longer adequate to meet the needs of the times. Such moments of transition from an old order to a new one in world affairs - and the attendant redistribution of power and influence - carries opportunities and risks. Minimising our risks as a people and maximising our gains from the opportunities that arise has become one of the most important duties of leadership in Africa today.

13. Some of our best moments as a continent in recent years have come when we have organised ourselves to speak with one voice and to act as one under the umbrella of the African Union in which all of our countries participate as equal stake holders. From this perspective, revamping and retooling the Union to enable it to better coordinate and articulate our concerns at a time of epochal change in world affairs is no longer a luxury but an imperative whose time has come.

## **REFORM OF THE AFRICAN UNION COMMISSION**

## I. OVERVIEW

1. Following the outcomes of the 6<sup>th</sup> Retreat of the Executive Council on the Reform of the AU Commission from 12-13 September 2018 at the AU Headquarters in Addis Ababa, Ethiopia, the proposal covers the following issues:

- The structure and portfolios of the senior leadership of the AU Commission;
- The selection process for the senior leadership of the AU Commission;
- Process for terminating senior leadership posts;
- An enhanced performance based management system for the senior leadership level.

2. In addition to the above, an AU Commission Administrative Reform Roadmap is contained in **Annex 1**.

## II. STRUCTURE AND PORTFOLIOS AT THE SENIOR LEADERSHIP LEVEL

3. The 6<sup>th</sup> Retreat of the Executive Council drew the following key conclusions on the issue of the structure and portfolios of the AU Commission's senior leadership:

- a) That there was a need to rationalise and consolidate the senior leadership portfolios in order to avoid duplication and overlap and improve overall coherence and efficiency.
- b) That no amendment of the Constitutive Act is required to restructure the AU Commission.
- c) The Retreat strongly recommended that an improved version of Option 3, (a lean senior leadership structure) should be the basis for developing a proposal for the senior leadership structure and portfolios for consideration and adoption by the November 2018 Extraordinary Summit.
- d) That with respect to the size of the Commission, the principles of gender and regional equity should not be compromised. A revised Option 3 would need to ensure that these fundamental principles, which are enshrined in the Constitutive Act, are maintained.

4. Based on the above, an **eight member Commission** is proposed along the following lines:

- A **Chairperson** with the following roles and responsibilities (Article 6 Statutes of the Commission): the Chief Executive Officer; the Legal Representative of the Union and the Accounting Officer of the Commission.

- A **Deputy Chairperson (Finance & Administration)** with the following roles and responsibilities (Article 9 of the Statutes of the Commission): Assists the Chairperson in the exercise of his/her functions; exercises the functions delegated to him/her by the Chairperson, and is in charge of Administration and Finance.
- There are 6 Commissioners with the following portfolios:
  - **Political Affairs, Peace & Security;**
  - **Economic Affairs, Trade & Industry;**
  - **Infrastructure, Energy, Science and Technology;**
  - **Social Development and Humanitarian Affairs;**
  - **Environment and Agricultural Development;**
  - **Gender & Youth**

5. A non-elected post of **Secretary -General** responsible for the operational co-ordination of AUC departments is established at D2 level.

6. In order to maintain balanced regional and gender representation the following is proposed:

- Regions with candidates that are elected to the post of the Chairperson and the Deputy Chairperson shall not be eligible for consideration for the six remaining Commissioner posts.
- The principle of rotational gender parity between the posts of Chairperson and Deputy Chairperson shall always be applied;
- Gender and regional parity shall be applied to the six Commissioner level posts. This means that the 6 Commissioner level posts will be equally distributed by gender and across the three regions not represented at Chairperson and Deputy Chairperson level;

7. Under this proposal portfolios have been rationalised, aligned to the key priorities of the Union and clustered along thematic lines to improve policy coherence, co-ordination and remove overlaps and duplication in portfolios.

8. The financial implications of this new proposed structure are: The average annual cost of a Commissioner post is \$257,248 (excluding child, education and medical allowances as this variable). The move from eight (8) to six (6) Commissioners therefore represents an annual saving to Member States of approximately \$514,496.

9. The average annual cost (basic salary and post-adjustment) of a **D2** Step 5 Secretary-General post is \$161,982 (excluding housing child, education and medical allowances as this variable).



### III. OPTIONS FOR THE SELECTION OF THE SENIOR LEADERSHIP OF THE COMMISSION

10. The 6<sup>th</sup> Retreat of the Executive Council drew the following key conclusions on the issue of the selection of the senior leadership of the AU Commission:

- a) That three options on the selection of the senior leadership were presented to the Retreat (Annex 2). The Retreat strongly recommended that an improved version of Option 2, should be the basis for developing a proposal for the selection of the senior leadership for consideration and adoption by the November 2018 Extraordinary Summit. This option is in line with the provisions of the Constitutive Act.
- b) That the principle of regional rotation should be applied to the entire senior leadership team to avoid any countries or regions dominating particular posts.
- c) That clear terms of reference, skills and competence requirements should guide the selection of the senior leadership along with through a competency-based assessment process, to be undertaken by an independent African firm prior to the election by the Executive Council. The use of a high level panel of eminent Africans should be integrated into the process.
- d) That a credible and transparent recruitment process combined with a proper performance management system will significantly improve the working environment at the senior leadership level.
- e) That the existing Executive Council rules and procedures provide for an accountability mechanism. The challenge is that these provisions have not been applied.
- f) That the Chairperson and the Deputy Chairperson should be elected and appointed by the Assembly and the Commissioners should be elected and appointed by the Executive Council as delegated by the Assembly.
- g) That a termination of function mechanism that applies to the entire senior leadership should be put in place.
- h) That this reform process should go further on the issue of gender parity by ensuring that, at the level of the top leadership, if a male Chairperson is elected then a female Deputy Chairperson should be elected or vice versa.
- i) That while the overwhelming preference was to develop a proposal based on an elective model, the proposal also needed to strengthen the Chairperson's authority, in line with their level of responsibility, to ensure an effective and efficient management of the Commission,

including the power to recommend the sanctioning or termination of members of the senior leadership team to the Executive Council.

11. In light of the above, **a process for the election of the senior leadership based on enhancing the current selection process is proposed.**

*Key principles that will guide the selection process*

12. The following key principles will guide the process:

- Regional and gender diversity
- The principle of geographic rotation to be applied to each senior leadership post
- Attracting and retaining Africa's top talent
- Accountable and effective leadership and management
- Transparent and merit-based selection

### **Selection of the Chairperson and Deputy Chairperson**

13. Assembly Decision 635 states that the election at this level should be enhanced by a robust, merit-based, and transparent selection process.

*The basis for assessing candidatures for the Chairperson and Deputy Chairperson*

14. Rule 38 of the Rules of Procedure of the AU Assembly states that: The Chairperson and his/her Deputy shall be competent women or men with proven experience in the relevant field commensurate leadership qualities and a good track record in government, parliament, international organisations or other relevant sectors of society.

15. The job profiles for the Chairperson and the Deputy Chairperson should build on Rule 38 to include the following:

- a) The selection process should ensure the appointment of the best possible candidate who embodies the highest standards of efficiency, competence and integrity as well as demonstrating a firm commitment to Pan-Africanism and the objectives, principles and values of the AU;
- b) Additional selection criteria: proven managerial abilities, extensive experience in international relations and strong diplomatic and communications skills;

*Enhancing the transparency and meritocracy of the current selection process*

16. The current selection process could be strengthened as follows:

- a) All the candidates for Chairperson of the Commission will provide a curriculum vitae, along with vision statements outlining how they intend

to address the most pressing issues facing the AU. These shall be posted on a dedicated webpage on the AU web-site;

- b) All candidates for Deputy Chairperson of the Commission will provide a curriculum vitae, along with their proposed plans for strengthening the overall administration of the AU, its financial management, and service delivery. These shall be posted on a dedicated webpage on the AU web-site.
- c) All candidates for the Chairperson post shall participate in a public debate which shall be broadcast live across Africa during which they shall present their visions and ideas for the African Union. This shall take place at least six months before the election at the AU Headquarters; and
- c) Prior to election, the Chairperson and the Deputy Chairperson candidates will make a formal presentation to the AU Assembly outlining their vision and the proposed priorities for their term of office.
- d) Prior to election, the candidates for Commissioner posts will make a formal presentation to the Executive Council outlining their vision and the proposed priorities for their term of office.

### **Selection of the Commissioners**

17. Under this proposal, a competency based assessment and shortlisting of candidates will be undertaken by a Panel of Eminent Africans (1 per region) assisted by an independent African organisation to generate a ranked selection pool from which Commissioners shall be elected and appointed by the Executive Council. The Ministerial Committee's terms of reference and rules of procedure will be reviewed to ensure, for example, that only Member States that do not have nationals from their countries presenting candidatures for the senior leadership shall participate in the selection process.

#### *Independent assessment*

18. A formal competency based assessment process managed by an independent recruitment firm shall replace the existing regional pre-selection process provided for in Article 13 of the Statutes of the Commission. The objective will be to generate a pool of pre-qualified candidates from which the Executive Council can elect Commissioners.

#### *What will be the basis for assessing candidates?*

19. Current job descriptions will be reviewed and new job profiles and competency requirements for the entire senior leadership team will be developed. These will be revised to include generic leadership skills and competencies as well as expert and thematic skills in relation to specific portfolios. The assessment process will be based on the skills and competencies identified for each senior leadership post.

*How will we ensure that AU Commission attracts Africa's top talent for its leadership positions?*

20. This will be informed by a benchmarking of other comparable institutions to ensure that the AU Commission's remuneration and benefits package is competitive and can attract and retain a high-performing leadership team.

*Who will manage the assessment and selection process?*

21. The Ministerial Committee assisted by an independent African organisation shall develop a candidate short list drawn from each of the 5 regions that meets the skills and competency requirements for the senior leadership positions.

*How will candidates be assessed for suitability?*

22. Candidates will be assessed through an initial review of applications and cvs. Shortlisted candidates will be invited to a Leadership Assessment Centre which will assess candidates against the skills and competency criteria established for the leadership posts.

*Assessment and Election timelines*

- The announcement of the candidatures for the senior leadership posts shall start in March of the year preceding the election of the new Commission;
- Assessment of all candidatures for senior leadership (August to December)
- The election and appointment of the Chairperson and the Deputy Chairperson in January/February by the AU Assembly;
- The election and appointment of the Commissioners in January/February by the Executive Council;

#### **IV. TERMINATION OF THE APPOINTMENTS OF THE SENIOR LEADERSHIP OF THE AU COMMISSION**

23. During the consultations with the Permanent Representatives Committee and the Retreat of the Executive Council there were several calls for that a clear mechanism for the termination of appointments of the senior leadership should be developed.

24. The provisions relating to termination of appointments for the senior leadership team are contained in **Rule 41 of the Rules of Procedure of the Assembly of Heads of State and Government:**

*The Assembly may, by two thirds majority and following due process conducted by the Executive Council, terminate the appointment of the Chairperson of the Commission, his/her Deputy and the Commissioners on grounds of incompetence, gross misbehaviour or inability to perform the functions of his/her office for reason of permanent incapacity certified by a medical board.*

25. The current provisions do not set out how termination procedures should be initiated or provide any detail on what constitutes 'due process'. The following proposals are therefore made to provide greater clarity on the process for the termination of senior leadership appointments:

*Termination of appointment of the Chairperson and the Deputy Chairperson of the AU Commission*

26. The following is proposed:

- a) That any Member State may recommend, to the Bureau of the Assembly of the Union (HOSG), through written notification, the termination of appointment with respect to the Chairperson or Deputy Chairperson of the Commission based on the provisions outlined in Rule 41;
- b) The Bureau of the Assembly will communicate, within fifteen days, the written notification to the AU Assembly and the Executive Council;
- c) The AU Assembly will request the Executive Council to establish an ad hoc Commission of Inquiry (1 member per region) to review, within a period not exceeding three months, the recommendation in order to assess whether there are sufficient grounds for the termination of appointment;
- d) In conducting this review, the ad hoc Commission of the Executive Council may call upon any resources required to ensure a transparent and fair process;
- e) The Bureau of the Assembly will make its recommendation to the AU Assembly.
- f) The AU Assembly will consider the matter and vote.

*Termination of the appointment of the Commissioners*

27. The following is proposed:

- a) That, any Member State or the Chairperson of the Commission (in his capacity as Chief Executive Officer), may recommend to the Executive Council, through written notification to the Bureau of the Executive Council, the termination of appointment with respect to Commissioners based on the provisions outlined in Rule 41;

- b) The Bureau of the Executive Council will communicate, within fifteen days, the written notification to the Executive Council and the AU Assembly;
- c) The Executive Council shall establish ad hoc Commission of Inquiry (1 member per region) to review the recommendation in order to assess whether there are sufficient grounds for the termination of appointment;
- d) In conducting this review, the ad hoc Commission may call upon any resources required to ensure a transparent and fair process;
- e) The Ad-hoc Commission of the Executive Council will make its recommendation to the Executive Council;
- f) The Executive Council will consider the matter and vote (assuming the Assembly will have delegated its powers of appointment of Commissioners to the Executive Council).

#### V. ENHANCING PERFORMANCE MANAGEMENT AT THE SENIOR LEADERSHIP LEVEL

28. Assembly Decision 635 stated that the Commission's senior leadership team should be lean and **performance-oriented**.

29. The 6<sup>th</sup> Retreat of the Executive Council drew the following key conclusions on the issue of performance management at the senior leadership of the AU Commission:

- a) That a credible and transparent recruitment process combined with a proper performance management system will significantly improve the working environment at the senior leadership level.
- b) That fundamental administrative and financial reforms are required. This has been a long-standing issue, the problems are well understood and the appropriate solutions have long been identified. The critical challenge has been lack of implementation. The lack of a robust performance management system to address non-implementation has compounded this problem.
- c) That an effective performance management system must be embedded as a matter of urgency in order to ensure proper accountability for performance and delivery. This should be applied to all elected and non-elected staff. Punitive measures and sanctions should be applied for abuse of office, poor performance and non-delivery of assigned responsibilities.
- d) That the Chairperson of the Commission will prepare the annual goals and targets of the AU Commission and present them to the Assembly. The goals and targets will be cascaded to all staff and will serve as the

basis for concluding performance agreements with management and staff.

- e) That annual performance and delivery targets be established for the Commission and submitted to the Executive Council each year. The Chairperson of the Commission shall submit an annual performance report to the Executive Council reporting on progress against these targets.

30. Based on the above the following is proposed:

- a) The Chairperson of the Commission shall present the 2019 goals and targets (with areas of responsibility assigned to the Deputy Chairperson and the Commissioners) to the 32<sup>nd</sup> Ordinary Session of the AU Assembly of Heads of State & Government.
- b) The Chairperson of the Commission shall present his performance report, on a biannual basis, outlining progress against agreed goals and targets to the Executive Council.
- c) A formal annual review of the progress made against the Chairperson's goals and targets shall be undertaken by the Executive Council. The entire senior leadership of the Commission shall participate in the formal review process. The Executive Council shall transmit its evaluation report along with recommendations to the AU Assembly for its consideration.
- d) The AU Assembly shall issue an annual performance assessment of the Commission based on the evaluation of progress made against annual goals and targets.
- e) That Rule 41 of the Rules of Procedure of the Assembly be amended to include: abuse of office, poor performance and non-delivery of assigned responsibilities as part of the grounds for the termination of the senior leadership of the Commission.

## **VI. WAY FORWARD**

31. The Chairperson of the Commission shall present a detailed departmental structure for consideration by the Executive Council during the July 2019 Ordinary Session of the Executive Council.

32. The development of this departmental structure shall be in line with Assembly Decision 635, i.e., it should be lean and performance oriented. The design will be informed by a review of mandates in line with the proposed new portfolios of the senior leadership. Departmental functions will be developed on the basis of the division of labour between, the AUC, AU specialised agencies, RECs and continental organisations.

33. Following the preparation of the draft departmental structure, and in line with Assembly Decision 635, a fundamental review of the staffing needs of the organisation, as well as conditions of service, will be undertaken to ensure alignment with agreed priority areas.

34. In developing the proposal for the departmental structure the Chairperson of the Commission will work with the relevant sub-committees of the Policy Organs (the sub-committees for General Budget Administration and Supervision and Structures) will be engaged. The Chairperson of the Commission will appoint an Advisory Panel of independent experts in institutional reorganization (1 per region) to assist the process.



**FINANCING THE UNION**

**A REVISED SCALE OF ASSESSMENT FOR MEMBER STATE  
CONTRIBUTIONS**

## **I. BACKGROUND**

1. In June 2015 the AU Summit decided to establish a new scale of assessment based on the principles of solidarity, equitable payments and capacity to pay in a way that ensures no single country bears a disproportionate share of the budget (Assembly/AU/Dec.578(XXV)). The decision also indicated that the scale of assessment would be based on achieving the following targets to be phased over 5 years starting from January 2016:

- i) 100% of the Union's Operational budget;
- ii) 75% of Union's Program budget;
- iii) 25% of Union's Peace support operations budget.

2. The Assembly also decided that the scale of assessment would be based on a tier system as follows:

- (i) All countries with a GDP above 4% - tier 1;
- (ii) All countries with a GDP above 1% but below 4% - tier 2;
- (iii) All countries with a GDP of 1% and below – tier 3.

3. The Assembly further decided that the new scale be based on the principle that the five Member States in Tier 1 equally share 60 percent of the budget whereas Member States in Tier 2 and Tier 3 were to pay the remaining 40 percent based on their capacity to pay. This scale was to be based on a ceiling of 12 percent without the imposition of a floor rate and was to be implemented for the financial years 2016, 2017 and 2018. Subsequently, in January 2016 in Addis Ababa, Ethiopia, the Assembly adopted a new scale of assessment based on the above principles to apply for the period 2016-2018 (Assembly/AU/Dec.602(XXVI)).

4. At present, Tier 1 (T1) countries and Angola bear 56 percent of the Union's assessed contributions while Tiers 2 and 3 (T2 and T3) take 29 and 15 percent respectively.

5. In January 2017, the Assembly decided that the new 2019-2021 scale of assessment would be based on the principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration (Assembly/AU/Dec.635 (XXVIII)). The Assembly's aim was to improve overall burden sharing of the budget to ensure that the Union is financed in a predictable, sustainable, equitable and accountable manner with the full ownership of its Member States.

## **II. PROPOSALS ON THE NEW AU SCALE OF ASSESSMENT.**

6. The principles of ability to pay, solidarity, and equitable burden-sharing, to avoid risk concentration are the fundamental criteria in the formulation of a scale to assess Member States' contributions. In August 2017, the Committee of Fifteen Finance Ministers (F15) recommended the following: That in order to ensure equity and effective risk management, 'caps' and 'minima' should be introduced in the Scale of Assessment so that every country pays a minimum flat contribution and that no country or group of countries pays more than a specified share of the AU budget.

7. Therefore, while still maintaining the Tier System as per the Johannesburg Decision of 2015 (Assembly/AU/Dec.578(XXV)), the following is proposed:

- (i) Tier 1 contributions capped at 40 percent of the Union's assessed budget;
- (ii) Tier 2 contributions capped at 35% of the Union's assessed budget;
- (iii) Tier 3 contributions capped at 25% of the Union's assessed budget.

8. This means that the Tier 1 contribution to the assessed budget would be reduced from 48% to 40% in order to reduce risk concentration. Tier 2 contributions to the assessed budget would increase from approximately 29% to 35%. Tier 3 contributions increase to the assessed budget would increase from approximately 15% to 25%.

9. In addition, a \$200,000 minimum payment ('minima') is introduced for all Tier 3 Member States (i.e., no Tier 3 Member State would pay less than \$200,000). This is to ensure greater ownership and better overall burden sharing.

10. The simulations for the new scale of assessment are presented at **Annex X** and are based on the Assembly decisions (2015, 2016 and 2017) and Ministers of Finance recommendations (2017) pertaining to the Union's scale of assessment.

11. The revised scale proposes either GDP or GNI as the economic basis for calculating a new scale. The base year for GDP data is 2017 while that for GNI is 2016.

### **III. THE AU PEACE FUND**

12. The 2016 Kigali Decision on Financing of the Union (Assembly/AU/Dec.605(XXVII)) elected to endow the Peace Fund with an amount of USD 325 million in 2017, rising to USD 400 million by 2020. The funds were to be obtained from the 0.2 percent AU import levy on eligible goods and were to be raised from equal contributions from each of the five (5) AU Regions.

13. Assembly Decision 605 did not advise on the scale of assessment to be used to assess the contribution of each Member State within a particular region. If the regional distribution method as per Decision 605 were to apply, i.e., \$80 million per region, Member States would be required to distribute their regional share using an agreed scale. The amount of \$80M is derived from dividing by the five regions the \$400M full endowment figure stipulated in the decision to get \$80M each.

14. Distributing the regional share of \$80M equally among the countries within a region may offer a significant relief to Tier 1 countries and a few of the bigger economies but would significantly and adversely overburden smaller economies. For instance, having both Algeria and the Saharawi Republic from Northern Africa contribute \$11,428,571.43 each or South Africa and Lesotho from Southern Africa

contribute \$8,000,000 each also contradicts the principles of capacity pay, equitable burden sharing and solidarity.

**15.** In the absence of clarity on which scale is to be used to distribute each region's \$80m share, Member States have been assessed using the general scale of assessment as follows: USD sixty five million (\$65M) for each of the years 2017, 2018 and 2019.

#### **IV. WAY FORWARD**

**16.** In August 2017, the Committee of Fifteen Finance Ministers (F15) recommended that 'caps' and 'minima' be introduced to a revised scale of assessment to adequately reflect the principles of ability to pay, solidarity, and equitable burden-sharing to avoid risk concentration as per the Assembly Decision AU/Dec.635(XXVIII) of January 2017.

**17.** In order to ensure consistency, it is recommended that the general scale of assessment be applied to the AU Peace Fund.

## **FINANCING THE UNION**

**STRENGTHENING THE SANCTIONS REGIME FOR THE NON -  
PAYMENT OF MEMBER STATES' ASSESSED CONTRIBUTIONS.**

## I. BACKGROUND

1. The current sanctions regime for non-payment of Member State contributions is deemed not effective. As a result the Union faces a perennial problem of late payment of contributions and its attendant consequences on cash flow, budget utilization and program implementation.

2. Between 2015 and 2017, the annual average payment of assessed contributions by Member States was 65% and most contributions were received during the last quarter of the financial year. As at 16<sup>th</sup> October 2018, **42%** of Member States assessed contributions had been received. This is equivalent to **\$126,598,892** while the total assessed contribution to Member States was **US\$318,276,795** based on the current Scale of Assessment (2016-2018). By October 30<sup>th</sup>, 2017, **61%** of the Member States assessed contributions had been received.

3. Therefore, at the January 2017 Summit and in its Decision **Assembly AU/Dec. 635(XXVIII)** on Institutional Reforms, the Assembly of Heads of State and Government of the AU decided that *“the current sanctions mechanism should be strengthened and enforced”*.

4. In addition the AU Ministers of Finance during their meeting held on the 9<sup>th</sup> August 2017 in Addis Ababa *“urged Member States to review and tighten sanctions on defaulting Members of the Union” (recommendation xv.)*.

5. This paper proposes two (2) options for development of a more robust and effective sanctions regime for consideration by AU Policy Organs. The two options which are informed mainly by the consultations and inputs from Member States seek to address the following key concerns raised during the consultative processes:

- (i) A need to develop a simple, stricter and effective sanctions regime.
- (ii) A need to clearly define sanctions and how they should be applied to defaulting Member States.
- (iii) How a country that has been deemed to be a member in arrears can exit sanctions.

## II. CURRENT SANCTIONS REGIME

6. The current sanctions regime related to the non-payment of assessed contributions by member states is governed by the relevant provisions of the Constitutive Act, the Rules of Procedure of the Assembly, the AU Financial Rules and Regulations and the statutes of the Commission. These provisions are highlighted in **Annex 1** attached.

7. The key weakness associated with the current sanctions regime include the following:

- (i) Member States can avoid sanctions by paying a portion of their assessed contributions as long as it does not amount to a cumulative arrears of two (2) years. No minimum amount is stipulated for Member States to pay their arrears before the sanctions could be applied. As a result, shortly before Summit, they can pay materially insignificant amounts and still access all privileges of being a member of the Union.
- (ii) There is no outline prescribing a schedule and timetable for payment of assessed contributions;
- (iii) Although contributions are due as from 1st January of the financial year, most Member States do not release their assessed contribution in tandem with cash flow requirements of the Union;
- (iv) Unpredictability of revenue since Member States have up to two years to default before the first set of sanctions can be applied. This has an adverse impact on programme implementation and budget execution.

### **III. PROPOSED OPTIONS FOR REVISED AU SANCTIONS REGIME**

8. The options proposed below seek to primarily address the weaknesses mentioned above. In both options, the current set of sanctions prescribed in the Constitutive Act (Article 23(1)) and reiterated in the Rules of Procedure (Rules 5, 26, 35), AU Financial Rules and Regulations (Article 78(6)) and the Statutes of the Commission (Article 18(8)) shall be maintained.

9. In order to strengthen the current sanctions regime, Member States under sanctions shall also be deprived of the following rights;

- (i) To be a member of a Bureau of any Organ of the Union,
- (ii) To have its candidatures in international system endorsed by the Executive Council,
- (iii) To offer to host any organ, institution or Office of the Union,
- (iv) To have its nationals participate in electoral observation missions, human rights observation missions, etc.
- (v) To have its nationals appointed as staff, consultants, volunteers, interns etc.
- (vi) To participate in meetings of the Union.

### **IV. OPTION 1**

#### **A. Guidelines**

10. The following guidelines are proposed under this option:

- (i) Reduce the period of short-term arrears to six (6) months from the current two (2) years and period for long-term arrears to one (1) year from the current five (5) years;
- (ii) Sanctions mentioned above will be applied in two parts, namely, the cautionary sanctions to the short term arrears and comprehensive sanctions to the long-term arrears;
- (iii) The cautionary sanction shall be the suspension of the Member State's right to speak at meetings of the African Union;
- (iv) The comprehensive sanctions include all sanctions outlined under paragraphs **eight (8) and nine (9)** above.
- (v) Any Member State that is in arrears should immediately enter into negotiations with the African Union Commission to agree on specific arrangements to clear their outstanding arrears;
- (vi) The money received will be applied first to a Member State's current assessed contribution and then to the most recent arrears;
- (vii) Those Member States which fail to meet their obligations and have not settled at least 50% of their current assessed contribution after the second quarter (6 months) of each financial year in which the contribution is due and have not agreed on specific arrangements to clear their outstanding arrears should be deemed to have opted to become a members arrears. This would invoke application of cautionary sanctions;
- (viii) The comprehensive sanctions will be applied to those Member States which fail to meet their obligations and are more than a year in arrears to the African Union's assessed budget.
- (ix) When a Member State has been deemed to be a member in arrears, reinstatement to ordinary member status will be achieved through the payment of the current year's contribution and the maintenance of a payment plan, agreed with the Chairperson of the African Union Commission, to clear outstanding arrears;
- (x) Eligibility to attend any statutory and extraordinary meetings of the Union would be preserved so long as the Member State pays its current assessed contributions and strictly adheres to the plan for payment of outstanding arrears. Default on either count would result in immediate reinstatement of the member in arrears status and this would not be lifted until all arrears are cleared and current assessed contributions are paid in full.



- (xi) The Chairperson of the African Union Commission would in each case undertake prior consultations with the governments of Member States concerned in order to confirm that the measures outlined above would be applied.
- (xii) Member States to be billed annually in July following the adoption of the AU budget.

## **V. OPTION 2**

### **A. Guidelines**

11. The following guidelines are proposed under this option:
- (i) Change the definition of short-term arrears to six (6) months from the current two (2) years, introduce intermediate arrears of one (1) year and reduce long-term arrears to two (2) years from the current five (5) years;
  - (ii) Sanctions mentioned above 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;
  - (iii) Under the first set of sanctions (cautionary sanctions) there will be only one sanction, namely, the suspension of the Member State's right to speak at meetings of the African Union;
  - (iv) The second set of sanctions (intermediate sanctions) include all sanctions outlined in the Constitutive Act (Article 23(1)), the Rules of Procedure (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:
    - a. Be a member of a Bureau of any Organ of the Union;
    - b. Host any Organ, Institution or Office of the Union;
    - c. Have its nationals participate in electoral observation missions, human rights observation missions; or be invited for any meeting organized by the Union
    - d. Have its nationals appointed as a staff member, consultant, volunteers, interns etc.
  - (v) Comprehensive sanctions include all the sanctions in (iv) 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;

- (vi) Those Member States which fail to meet their obligations and have not settled at least 50% of their current assessed contribution after the second quarter (6 months) of each financial year in which the contribution is due should be deemed to have opted to become a members arrears. This would invoke application of cautionary sanction;
- (vii) Intermediate sanctions will be applied to those Member States which fail to meet their obligations and are more than a year in arrears to the African Union's assessed budget.
- (viii) Comprehensive sanctions will be applied to those Member States which fail to meet their obligations and are more than two years in arrears to the African Union's assessed budget.
- (ix) Member States should settle at least 25% of their assessed contributions every quarter;
- (x) All Member States that have not paid 50% of their arrears by the date on which sanctions should be applied should be sanctioned;
- (xi) When a Member State has been deemed to be a member in arrears, reinstatement to ordinary member status will be achieved through the payment of its current assessed contribution plus at least 75% of its outstanding arrears.
- (xii) Member States to be billed annually in July following the adoption of the AU budget.

## **VI. CASES OF EXEMPTION FROM SANCTIONS.**

12. In applying the option 1 and 2 above, the following conditions will be considered in granting exemptions to Member States in arrears:

- (i) When a Member State is experiencing a conflict that leads to a significant reduction in the country's GDP.
- (ii) When a Member State is dealing with an unforeseen humanitarian crisis that is draining the country's resources.

**TRANSFORMATION OF THE NEW PARTNERSHIP ON AFRICAN  
DEVELOPMENT INTO THE AU DEVELOPMENT  
AGENCY**

## **I. BACKGROUND**

1. The New Partnership for Africa's Development (NEPAD) Agency evolved from the NEPAD Secretariat as a result of the integration of NEPAD into the structures and processes of the African Union in 2010. After a decade and a half, the NEPAD Agency is undergoing a second institutional transformation with an enhanced operational responsibility in the form of the African Union Development Agency (AUDA).

## **II. PRINCIPLES**

2. The following three principles have informed the process:

- a) African ownership and leadership of its development vision, frameworks, strategies, policies and programs as well as the human and institutional capacity for their delivery;
- b) Alignment of AUDA's operations to AU rules, regulations, policies as well as AUC operational programs; and
- c) Coherence of AUDA's operational programs with those of the African Union Commission, Regional Economic Communities (RECs) and Member States in the implementation of AU, regional and countries' priority development programs and projects.

## **III. PROPOSED MANDATE**

3. It is proposed that AUDA's mandate should consist of the following five elements:

- a) Co-ordinate the implementation of priority continental and regional projects to promote regional integration.
- b) Strengthen the capacity of AU Members States and regional bodies to implement Africa's priority development programs within the framework of Agenda 2063.
- c) Provide knowledge-based and technical advisory support to AU Member States and regional economic communities for the implementation of AU common policies and strategies.
- d) Monitor and evaluate the implementation of Africa's development programs for best practice and sharing lessons to promote sustainable development.
- e) Serve as the continent's technical interface with Africa's development stakeholders, including development partners, for integrated and inclusive development.

## **IV. OPERATIONAL PROGRAMME CLUSTERS**

4. Given AUDA's proposed mandate as well as its focus on socio-economic transformation programs and projects, five programmatic areas of operations are proposed: Economic growth and development; social development and transformation; infrastructure development and trans-boundary initiatives;

environmental resilience and natural resources transformation, science, technology and innovations; and capacity development. Gender, women empowerment and youth development issues are critical issues and are too important to be simply treated as cross-cutting. They will therefore be accorded the same level of prominence as any of the other core areas proposed for AUDA's operational focus. The following six programmatic clusters are proposed:

- a) Rural Urban Transformation for Economic Development Programs
- b) Social and Human wellbeing Programs
- c) Environment Sustainability and Resilience Programs
- d) Infrastructure and Trans-boundary connectivity
- e) Cross cutting thematic themes: Capacity Development, Gender and Youth Empowerment, and Science, technology and Innovation Programs

5. These programmatic clusters will provide the basis for a developing an organizational structure to deliver the approved mandate, in line with the principles of division of labour, complementarity and coherence.

## **V. FINANCING**

6. It is proposed that, in the interim, AUDA draws on existing sources of finance to launch the institution but develop a resource mobilization and sustainable financing strategy within the first year of operations. Alongside this AUDA will prioritize strengthening its overall financial management system and infrastructure. As part of the overall financing strategy, options for investment financing should be developed along with a private sector financing strategy. The operational issues leading to weak absorptive capacity will be addressed as part of a process of continuous institutional reform. A common framework for donor funds that facilitates coordination and minimizes reporting requirements should also be prepared.

7. Some of the sources of financing could include the following: AU annual budgetary subvention to AUDA Member States contributions – based on an allocation formula /or voluntary contributions; contributions by the private sector, contributions by development partners, private donations, co-financing and counterpart funding arrangements, joint program financing and investment-based finance

**THE AFRICAN PEER REVIEW MECHANISM**

## **I. BACKGROUND**

1. The Assembly of the African Union through Decision, Assembly/ AU. Dec. 690 (XXX1) requested the Commission to finalize proposals and recommendations based on its initial findings outlined in the Progress Report of the Chairperson of the African Union Commission on the AU Institutional Reform Pursuant to Assembly Decision Assembly/AU/Dec. 635 (XXVIII), (Doc. Assembly/AU/2 (XXXI).

2. The Draft Decision is also submitted pursuant to a request submitted by H.E Idriss Deby Itno President of the Republic of Chad and Chairperson of the APR Forum, on 28<sup>th</sup> August, 2018 (submitted under Note Verbale No. 295/ATE/RP-UA-CEA/CE/18) to the Chairperson of the African Union Commission that the issue of the integration of the APRM Budget into the overall AU Budget should be included in the Agenda of the Extraordinary Session of the Assembly of the African Union scheduled to take place in November, 2018.

3. The APRM Draft Assembly Decision is intended to achieve the following:

- a) Predictable and sustainable financing for the APRM by integrating its budget into the budget of the African Union with effect from the financial year 2019.
- b) The inclusion of the APRM's State of Governance in Africa report as a regular item on the Agenda of the Ordinary Sessions of the Assembly with effect from the 32nd Ordinary Session of the Assembly scheduled to take place in February, 2019.
- c) The allocation of sufficient time to the APR Forum so that it can fully address its agenda during its ordinary sessions which are held in the margins of the AU Assembly Ordinary Sessions.

## **II. INTEGRATION OF THE APRM BUDGET INTO THE OVERALL BUDGET OF THE AU**

4. The integration of the APRM budget into the overall budget of the AU is intended to give the APRM budgetary predictability and transparency in its planning and execution processes. There is currently a process that is designed to integrate APRM budget into the wider budget of the Union and in line with the recently adopted Nine Golden Rules of Financial Management by the AU Assembly.

5. The integration of the budget of an autonomous entity of the AU like the APRM into the overall budget of the Union is not something unprecedented. It is exactly what NEPAD went through over the past several years in finalising its own process of integration. Thanks to that process, NEPAD currently has the budgetary predictability for it to plan its activities well in advance, rather than wait until money comes from each individual member state.

6. It is also worth underscoring that once the APRM budget is fully integrated into the Union budget, APRM participating states will have no obligation to make any regular contributions directly to the APRM. The modalities for the integration of the budget will need to be determined.

7. In 2017, the APRM was allocated \$501,700 from the AU budget to support programme activities. In 2018, \$2.1m from the AU budget was allocated to its programme. In 2019, APRM will receive from the AU budget to cover its operating costs and budget. The financial implications of fully absorbing the APRM budget in 2019 would be \$8,232,273 for programmes and operations \$7,307,064.

### **III. PRESENTATION OF THE STATE OF GOVERNANCE REPORT TO THE 32<sup>nd</sup> ORDINARY SESSION OF THE ASSEMBLY**

8. The State of Governance Report in Africa is based on the Decision of the Assembly of the African Union, Decision Assembly/AU/Dec. 631(XXVIII) on the Revitalization of the African Peer Review Mechanism, adopted at its 28th Ordinary Session held in Addis Ababa in January 2017. In this Decision the Assembly decided that the APRM should take the necessary steps to track implementation and oversee monitoring as well as evaluation in key governance areas on the continent.

9. Pursuant to Decision Assembly/AU/Dec. 631(XXVIII), the African Governance Architecture Retreat held in March 2018 requested the APRM to lead the development of the State of Governance in Africa Report (SoGR). The Report is a baseline study assessing the status of African Union (AU) Member States' governance in five areas: leadership; constitutionalism and the rule of law; the nexus of development and governance; interrelationships of peace, security, stability and governance; and the role of Regional Economic Communities (RECs). The 2019 Report establishes the basis for future regular and continuous (annual) monitoring and tracking of governance trends in all the 55 AU Member States.

10. The State of Governance in Africa will be presented by H.E Iddris Déby Itno, President of the Republic of Chad and Chairperson of the APR Forum, to the Assembly of the African Union at the 32<sup>nd</sup> Ordinary Session of the Assembly scheduled to take place in February 2019.

### **IV. ALLOCATION OF SUFFICIENT TIME FOR THE APR FORUM'S ORDINARY SESSIONS**

11. For efficiency reasons, the APR Forum holds its ordinary sessions in the margins of the Ordinary Sessions of the Assembly of the African Union. As a result, It is rarely allocated sufficient time for the full consideration of its agenda.

12. Given that one (1) ordinary summit will be held per year, the APRM would like to request the Chairperson of the Commission to allocate sufficient time for the APR Forum.



**ESTABLISHING AN EFFECTIVE DIVISION OF LABOUR BETWEEN THE AU,  
RECS, CONTINENTAL ORGANISATIONS AND MEMBER STATES**

## **I. BACKGROUND**

1. In January 2017, the African Union Assembly of Heads of State and Government took a decision on the Institutional Reform of the African Union. One of the key priorities identified by the AU Assembly is the need for a clear division of labor and effective collaboration between the African Union, the Regional Economic Communities (RECs), the Regional Mechanisms (RMs), the Member States, and other continental institutions (COs), in line with the principle of subsidiarity and complementarity.

2. During the January 2018 AU Summit, initial findings were presented in the Progress Report on the Implementation of the AU Institutional Reform process. More detailed proposals and recommendations on the division of labor were presented at the July 2018 Summit. These are summarized below.

*What do we mean by division of labor?*

3. It is important to clarify, at the outset, what is meant by establishing a clear division of labor between RECs, RMs, COs and Member States. Establishing an effective division of labor is not about dividing up sectors or areas of responsibility. It is rather about delineating responsibilities within each area or sector of integration based on subsidiarity, comparative advantage, cost/burden sharing and proximity to the people. In other words, the AU, RECs, COs and Member States will work together in every area of integration but within a framework of clearly delineated responsibilities based on respective competencies.

*Why is establishing a clear division of labor so important?*

4. The need for a clear division of labor is important because it leads to optimal allocation of scarce resources in implementing integration programs. Any sustainable economic cooperation is founded, among other things, on the principle of allocation of resources in a fair and equitable manner so as to ensure that benefits are equitably shared. On the basis of this principle, it can be affirmed that an integration or cooperation institution can be fully operational on any project or programme only if all its Member States are, at almost equivalent levels, directly concerned by the project or programme. In other words, since all programs and projects may not involve - and therefore interest - all the member states, there is the possibility and even the need to categorize these programs and activities according to their optimal geographical dimension or the RECs of each region. Rationalization of integration programs should therefore be carried out on a basis of shared competence between the regional communities and the other continental integration institutions.

## **II. THE BARRIERS TO ESTABLISHING AND MAINTAINING AN EFFECTIVE DIVISION OF LABOUR**

5. The absence of a system of joint planning, joint financing and joint engagement with Member States and partners at the level of the AU, RECs and RMs means that there is no practical means of enforcing any agreement on division of

labor. The fact that the AU, RECs and RMs plan separately, budget separately and mobilize resources separately accounts for the high levels of overlap, duplication and wastage.

6. Given the above, some have argued that the only effective way to enforce compliance with any agreed division of labor is to agree on the following:

- a) The development of a Continental Medium Term Plan, aligning AU-REC priorities;
- b) The development of a Continental Financing Plan for the Medium Term Plan (including budget lines for the AU, RECs, RMs and other continental institutions);
- c) Joint Engagement with Member States and Partners;
- d) Monitoring and reporting to be provided by the AUC at the Annual AU/REC/RM Co-ordination Meeting. Each REC/RM will also provide regular progress reports to inform the preparation of the consolidated AU-REC-RM Report.
- e) A robust co-ordination mechanism to support the delivery of the above. In this regard, the decision to have a June/July Co-ordination Meeting dedicated to AU-REC Co-ordination issues will go a long way in improving overall co-ordination.

### **III. ESTABLISHING AN EFFECTIVE COORDINATION STRUCTURE FOR AN EFFECTIVE DIVISION OF LABOR**

7. A detailed Issue Paper was submitted as part of the Chairperson of the Commission's July 2018 Progress Report to the AU Assembly on the AU Reforms.

8. The current ways of working among the AU, RECs and COs do not enable meaningful collaboration and partnership. RECs are not well integrated into the policy and decision-making processes of the Union. Their role remains marginal at best. There is a need to reset the established ways of working based on new principles and rules of engagement. The establishment of the new June/July Co-ordination Meeting bringing together the Bureau of the AU Assembly, REC Chairs, AU Commission and Chief Executives and continental organizations presents an opportunity to reset this relationship.

9. Division of labor will be effective if there are clear established guidelines for the efficient implementation of agreed arrangements through coordination and harmonization of policies and activities. Coordination requires an agreement between AU and RECs and COs to adjust their policies according to broad objectives of the AU. Harmonization of activities would also require that Member States, through AU/RECs, adopt regional legislation, codification, unification and standards, which are applied and enforced by member States. Hence a DoL will have to be negotiated among parties (AUC/RECs/Cos) and formalized through protocols ratified by the AU Summit.

10. Coordination and harmonization are central to deepening the continent's integration agenda given that there are RECs memberships that overlap, while their actions are interdependent. Efficient coordination and harmonization through DoL

will eliminate duplication, conflicting effects, reduce identical administrative burdens and costs.

11. The current coordination mechanism governing the coordination between AU and RECs/RM is established through Protocols. The 1998 Protocol on Relations between the AEC and the RECs clearly identified the lead roles to be played by Member States in the RECs configurations, and the AEC. The OAU Secretariat was to be the Secretariat of the Community, and following the transition to the African Union, the African Union Commission (AUC) is now responsible for the execution of the duties and mandates for the OAU/AEC Secretariat. 1998 Protocol has since been replaced by a protocol signed in 2008. The new protocol makes provision for important organs of the AU that are linked to RECs such as the STCs and ECOSOCC. Based on the 2008 Protocol, liaison offices were established at the AUC for each REC. Furthermore, each REC is expected to establish a national integration structure in each of its Member States. In the Protocol, the RECs are also urged to invite their Member States to designate the same coordinating Ministries for the implementation of the Abuja Treaty.

12. Despite the good intentions of the 2008 protocol there is no coherence in the decisions and activities of the AU as they relate to the RECs. There are no follow-up and implementation mechanisms for the effective harmonization of the integration process throughout the continent at the REC levels in spite of several attempts to that effect. Member States have generally also not incorporated integration strategies into their programs, policies and institutions. The involvement of key non-state actors such as the private sector, civil society, academia and the public at large is limited.

13. The January 2017 Reform Decision and the establishment of a June/July Co-ordination Meeting focused on the economic integration agenda and bringing together the Bureau of the AU Assembly, REC Chairs and Chief Executives of the RECs, AfDB and UNECA, provides an opportunity to revisit and strengthen the existing co-ordination arrangements. This will ensure the annual meeting becomes an effective forum for driving the integration agenda forward and maintaining an effective division of labor.