

African Union



AFRICAN UNION (AU)

**ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2021**

African Union



**INDEPENDENT AUDITORS' REPORT
ON
THE AFRICAN UNION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Audited By:

African Union Board of External Auditors

INDEPENDENT AUDITORS' REPORT

Report of the Board of External Auditors to the Permanent Representative Committee (PRC)

On African Union (AU) Consolidated Financial Statements

for the year ended 31 December 2021

Opinion

We have audited the African Union (AU) consolidated financial statements for the year ended 31st December 2021 set out on pages 18-70. These consolidated financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net asset, statement of cash flow, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information supporting the financial statements. We also examined, in conjunction with the consolidated financial statements, Appendices set out on pages 71-79.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the African Union as at 31st December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS), Accrual Basis, and the requirements of the African Union Financial Rules and Regulations (AUFRR).

Basis for Opinion

We conducted our audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the African Union in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the African Union consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

The Chairperson of the African Union is responsible for other information set out on pages 3-17.

Our opinion on the AU consolidated financial statements for the year ended 31st December 2021, does not cover the other information referred to above and we do not express any form of assurance thereon.

In connection with the audit of the AU consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the AU consolidated financial statements, or if the information obtained from the audit or otherwise, appears to be materially misstated, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these African Union consolidated financial statements in accordance with IPSAS and AUFRR, and for such internal control as management determines is necessary to enable the preparation of African Union consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the African Union consolidated financial statements, management is responsible for assessing AU's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the African Union or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the African Union's financial reporting process.

African Union Board of External Auditors' Responsibility for the Audit of the African Union Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the African Union consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our report that includes opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs, will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these African Union consolidated financial statements. As part of an audit in accordance with the ISSAIs, we exercised professional judgement and maintained professional scepticism throughout our audit of the African Union consolidated financial statements.

In addition to our responsibility for the audit of the African Union consolidated financial statements we also:

- a. identified and assessed the risks of material misstatement of the African Union consolidated financial statements whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that were sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the African Union's internal control.
- c. evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- d. concluded on the appropriateness of the Management's use of the going concern basis of accounting in the preparation of the African Union consolidated financial statements. We also concluded, based on the audit evidence obtained, whether a material uncertainty existed in relation to events or conditions that may cast significant doubt on the African Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the African Union consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the African Union consolidated financial statements. Our conclusions are based on the information available to us at the date of our report. However, future events or conditions may cause the African Union to cease to continue as a going concern.

e. evaluated the overall presentation, structure, and contents of the African Union consolidated financial statements, including the disclosures, and whether the African Union consolidated financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

Communication with Key Management Staff

During the audit, we communicated and held sessions with the African Union Management Team. From the matters communicated with them, we determined those matters that were of most significance in the audit of the African Union consolidated financial statements for the year ended 31st December 2021.

We communicated with key management staff regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on other Legal and Regulatory Requirements

Furthermore, in our opinion, the transactions of the operations of the African Union as reported in the consolidated financial statements that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the African Union Financial Rules and Regulations (2014) and Constitutive Act of the African Union.

In accordance with article 84 of the African Union Financial Rules and Regulations (2014), we have also issued a Management Letter on our audit of the operations of the African Union.



Aghughu, Adolphus A., FCNA, FCTI,

Auditor-General for the Federation, Nigeria

Chairperson, African Union Board of External Auditors

Office of the Auditor-General for the Federation, Abuja, Nigeria

Addis Ababa, Ethiopia, 26th May 2022

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LIST OF ABBREVIATIONS

Abbreviation	Full name
ACALAN	Executive Secretariat of the African Academy of Languages, Bamako, Mali
ACSRT	African Centre for the Study and Research on Terrorism - Algiers, Algeria
AFREC	African Energy Commission, Algiers, Algeria
AFRIPOL	African Mechanism for Police Cooperation, Algiers, Algeria
AMISOM	African Union Mission in Somalia
AMU	Arab Maghreb Union
AOSTI	African Observatory of Science, Technology and Innovation, Malabo, Equatorial Guinea
Arab League Mission	African Union Permanent Delegation to the League of Arab States – Cairo, Egypt
APRM	African Peer Mechanism, Midrand, South Africa
AU	African Union
AUABC	African Union Advisory Board on Corruption, Arusha, Tanzania
AUC	African Union Commission
AUCIL	African Union Commission on International Law
AUSARO	African Union Mission to the Southern African Region – Lilongwe, Malawi
CELHTO	Center for Linguistic & Historical Study of Oral Tradition; Niamey, Niger
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of the Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOSOCC	Economic, Social and Cultural Council
ECOWAS	Economic Community of West African States
ERM	External Resources Management Division
ETB	Ethiopian Birr
EU & THE ACP Mission	Permanent Observer Mission of the African Union to the EU & THE ACP – Brussels, Belgium
FRR	Financial Rules and Regulations of the African Union
GBP	Great Britain Pound
GDP	Gross Domestic Product
H.E.	His Excellency
HQ	Headquarters
IAPSC	Inter-African Photo sanitary Council – Yaoundé, Cameroun
IBAR	The Inter-African Bureau for Animal Resources (IBAR) - Nairobi, Kenya
ICT	Information and Communication Technology
IDP	Internally Displaced Person
IGAD	Intergovernmental Authority on Development
IPSAS	International Public Sector Accounting Standards

LIST OF ABBREVIATIONS (continued)

Abbreviation	Full name
NEPAD	New Partnership for Africa's Development, Midrand, South Africa
PANVAC	Pan African Veterinary Centre, Debrezeit, Ethiopia
PAP	Pan African Parliament, Midrand, South Africa
PAU	Pan African University
PBFA	Programming, Budgeting, Finance and Accounting
PPE	Property, Plant and Equipment
PRC	Permanent Representative Committee
PSD	Peace and Security Department
PY	Prior Year
RECS	Regional Economic Communities
SADC	Southern African Development Community
SAFGRAD	Specialized Office for Promotion of Agricultural Research and Development in the Semi-arid Zones of Africa, Ouagadougou, Burkina Faso
STRC	Scientific, Technical & Research Commission - Abuja, Nigeria
UAE	United Arab Emirates
AU GENEVA	African Union Mission to the United Nations – Geneva, Switzerland
AU NEW YORK	Permanent Observer Mission of the African Union to the United Nations - New York
UNECA	United Nations Economic Commission for Africa
USD	United States Dollar

AFRICAN UNION INFORMATION

Key Management	Name	Designation
	H.E Cyril Ramaphosa, President of South Africa	Chairperson, African Union (February 2020 to February 2021)
	H.E. Felix- Antoine Tshisekedi Tshilombo, President of the Democratic Republic of Congo (DRC)	Chairperson, African Union (February 2021 to February 2022)
	H.E. Moussa Faki Mahamat	Chairperson, African Union Commission (March 2017 to February 2025)
	H.E. Quartey Thomas Kwesi	Deputy Chairperson, African Union Commission (February 2017 to February 2021)
	H.E. Dr. Monique Nsanzabaganwa	Deputy Chairperson, African Union Commission (March 2021 to February 2025)
	Amb Smail Chergui, Algeria	Commissioner for Peace and Security (January 2017 to February 2021)
	H.E. Cessouma Minata Samate, Burkina Faso	Commissioner for Political Affairs (January 2017 to February 2021)
	H.E. Amani Abou-Zeid, Egypt	Commissioner for Infrastructure and Energy (Reelected in February 2021)
	H.E. Amira El Fadil, Sudan	Commissioner for Social Affairs (January 2017 to January 2022)
	H.E. Albert M. Muchanga, Zambia	Commissioner for Trade and Industry (Reelected in February 2021)
	H.E Sacko Josefa Leonel Correa, Angola	Commissioner for Rural Economy and Agriculture (Reelected in February 2021)
	Sarah Mbi Enow Anyang Epse Agbor, Cameroon	Commissioner for Human Resources, Science and Technology (January 2017 to January 2022)
	Harison Andrianaivo Victor, Madagascar	Commissioner for Economic Affairs (January 2017 to February 2021)
	Amb. Bankole Adeoye, Nigeria	Commissioner for Political Affairs, Peace and Security ((Elected in February 2021)
	H.E. Amb Minata Samaté Cessouma, Burkina Faso	Commissioner for Health, Humanitarian Affairs and Social Development (Reelected in January 2022)
	Professor Mohammed Belhocine, Algeria	Commissioner for Education, Science, Technology & Innovation (ESTI) (Elected in January 2022)

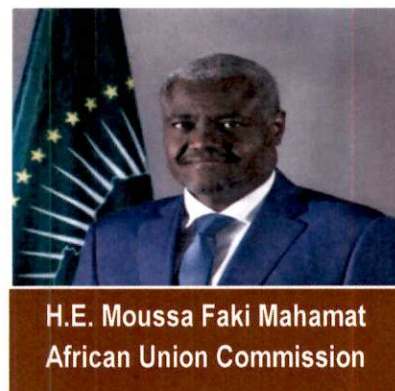
AFRICAN UNION INFORMATION (continued)

Solicitor	Office of the Legal Counsel (OLC) African Union Commission P.O. Box 3243, Roosevelt Street W21K19 Addis Ababa, Ethiopia
Independent Auditors	Board of External Auditors African Union Commission P.O. Box 3243, Roosevelt Street W21K19 Addis Ababa, Ethiopia
Key Bankers	Commercial Bank of Ethiopia (CBE) Ecobank, Kenya ING Bank, Belgium Chase Bank, USA Dashen Bank, Ethiopia Standard Bank, South Africa Standard Chartered Bank, Kenya
Registered office	African Union Headquarters P.O. Box 3243, Roosevelt Street W21K19 Addis Ababa, Ethiopia

ANNUAL REPORT OF THE CHAIRPERSON

It is my pleasure to present to you my report for the year ended 31 December 2021. We end this year in a time of much disruption, uncertainty and unprecedented shifts in the way we operate due to COVID-19. We have had to adapt, reorganise and make changes to how we deliver our mandate. We have learnt that change and innovation is inevitable to confront the challenges of our time and are reassured that together, there is little we cannot overcome.

Key highlights of the Union's activities for the year under review are presented below:



COVID 19 – challenges and opportunities

The political and socio-economic implications of the COVID-19 pandemic have been far reaching. The Union's resolve to confront common challenges has been reaffirmed and manifests in the response, which has been exemplary. It has equally pushed the Union to adapt and innovate its working methods, processes and modalities, embracing technology and innovation. Despite the challenges, it has presented the Union with an opportunity to adjust its priorities, as well as enhance efficiency and effectiveness. COVID 19 has reaffirmed the AU's resolve to focus on strengthening the Union's capacities and self-reliance for sustainable development including in dealing with pandemics, emergencies, and emerging threats. With political commitment, innovation, and a focus on implementation of Agenda 2063 priorities, regional integration, sustainable peace and development are within reach.

Status of the AU Peace Fund

The Peace Fund was reconciled and the cash balance available of US\$25,032,053.75 was transferred to the Revitalized Peace Fund as per Executive Council Decision (EX.CL/Dec.1057-1072 (XXXV) Annex V - EX.CL/Dec.1057-1072 (XXXV) which requested the Commission to "prepare a comprehensive statement of the previous Peace Fund collected through financial appropriations from Member States and Partners which should be merged with the new Revitalized Peace Fund so as to retain one Peace Fund".

In order to revitalize the Peace Fund, the Assembly of Heads of State and Government through its Decision Assembly/AU/Dec.605 (XXVII), directed that Member States were to be assessed based on existing scale of assessment to contribute US\$65 Million each year from 2017-2019 and \$51.25 Million from 2020-2023 to reach US\$400 Million. Towards this end, as at 31st December 2021, the Member States have made payments to the AU Peace Fund to the tune of US\$246,562,944. The outstanding balance to reach the assessed contribution target of US\$297.5 Million in 2021 is US\$50,937,055.

Social protection for vulnerable groups

During the year, AU conducted Humanitarian Assessment missions to 13 countries in support of the work of the PRC Sub-Committee on Refugees, Returnees and IDPs. The assessments were conducted to a selected 11 African Union member states that are adversely affected with displacement crises either from disasters or protracted refugee crises. The assessed Member States will be given a solidarity gesture of US\$150,000 each which sum up to US\$1,650,000.

ANNUAL REPORT OF THE CHAIRPERSON (Continued)

Looking ahead

Like the rest of the continent and the world, the Union's work has been overshadowed by the far reaching socio-economic and political impact of COVID-19 pandemic. This, however, has only strengthened our resolve to prioritize the objectives within our mandate within budget. In order to attain the Johannesburg Target of financing 100% of the Operational budget, 75% of the Program budget, and 25% of the Peace Support Operations, progress was recorded between 2015 and 2018. However, from 2019 this trend took a reverse inclination away from the ideal. Member States contributions to the budget have gone down from US\$318 million in 2018 to US\$203 million in 2021. As such, Member States contribution to the Program budget, took an inverse direction from 45% in 2019 to 21% in 2021.

The creation of over 10 newly established AU institutions since 2015 amidst Member States reduced contributions, has affected the target of limiting the Operational budget including salaries to 30% of the overall annual budget. Accordingly, this target increased from 31% in 2015 to 48% in 2021. To reverse this situation, the Member States 75% contribution to the Program budget in line with the Golden Rules is critical.

The delayed or non-contribution to the Peace Fund by some Member States might affect the intended target of \$400million by 2023. In this regard, the Union will continue to work with relevant Policy Organs to ensure that this target is achieved.

Charting the Future

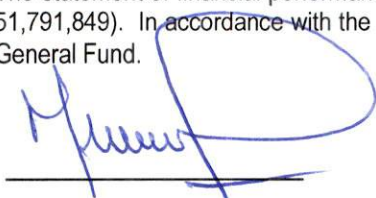
We have made progress, but there is still work to be done in realizing our Continent's aspirations and strengthening our Union. We need to work together in 2022 to ensure that we will realize "The Africa We All Want". In line with the momentum of the reform and building on the actions undertaken in 2021, the Africa Union is committed to accelerating, deepening and streamlining various initiatives in 2022 for the benefit of the collective strategic interests of our Continent.

2021 Consolidated Financial Statement

In accordance with the AU Financial Rules and Regulations (FRR), subsequent pages of this report present the annual financial statements of the African Union for the financial year ended 31 December 2021. The financial statements, accounting policies and the notes have been prepared in compliance with the accrual basis of International Public Sector Accounting Standards (IPSAS). The financial statements provide a complete overview of the Union's finances and the implementation of the AU budget for the reporting year, including information on contingent liabilities, financial commitments and other obligations.

Results for the year

The statement of financial performance on **page 19** shows a deficit for the year of **US\$ 3,955,353** (2020: Surplus of US\$ 51,791,849). In accordance with the AU Financial Rules and Regulations (FRR), the amount has been transferred to the General Fund.



H.E. Moussa Faki Mahamat

Chairperson of African Union Commission

Date: 31/05/22

THE AFRICAN UNION

1. The Organization of African Unity (OAU)

The OAU's main objectives were to: promote the unity and solidarity of African states; coordinate and intensify their cooperation and efforts to achieve a better life for the peoples of Africa; safeguard the sovereignty and territorial integrity of Member States; rid the continent of colonization and apartheid; promote international cooperation within the United Nations framework; and harmonize members' political, diplomatic, economic, educational, cultural, health, welfare, scientific, technical and defense policies. The OAU operated on the basis of its Charter and the 1991 Treaty Establishing the African Economic Community (known as the Abuja Treaty).

Through the 1990s, leaders debated the need to amend the OAU's structures to reflect the challenges of a changing world. The creation of the AU shifted focus from supporting liberation from colonialism and apartheid to spear-heading Africa's development and integration. The vision for the Union included accelerating the process of integration in Africa; supporting the empowerment of African states in the global economy; addressing the multifaceted social, economic and political problems facing the continent; and promoting peace, security, stability, democracy, good governance and human rights.

Three summits were held in the lead up to the official launch of the AU, the:

- Sirte Summit (1999), which adopted the Sirte Declaration calling for the establishment of the AU
- Lomé Summit (2000), which adopted the AU Constitutive Act
- Lusaka Summit (2001), which drew the roadmap for implementation of the AU.

The Durban Summit (2002) launched the AU and convened its first Assembly of Heads of State and Government. A significant number of OAU structures were carried forward into the AU, as were all treaties and conventions. The AU Constitutive Act and protocols also established a significant number of new structures, both at the level of major organs and through a range of new technical and subsidiary committees.

2. The African Union Commission

The African Union Commission is the Secretariat to the political structures of the African Union and is headed by the chairman H.E. Moussa Faki Mahamat from Chad. The Commission's functions, as set out in article 3 of the Commission Statutes, include:

- Representing the AU and defending its interests under the guidance of and as mandated by the Assembly and Executive Council;
- Initiating proposals to be submitted to the AU's organs as well as implementing decisions taken by them;
- Acting as the custodian of the AU Constitutive Act and all other OAU/AU legal instruments;
- Liaising closely with the AU organs to guide, support and monitor the AU's performance to ensure conformity and harmony with agreed policies, strategies, programmes and projects;
- Providing operational support for all AU organs;
- Assisting Member States in implementing the AU's programmes;
- Drafting AU common positions and coordinating Member States' actions in international negotiations;
- Managing the AU budget and resources;
- Elaborating, promoting, coordinating and harmonizing the AU's programmes and policies with those of the Regional Economic Communities (RECs);
- Ensuring gender mainstreaming in all AU programmes and activities; and
- Taking action, as delegated by the Assembly and Executive Council.

THE AFRICAN UNION

2. The African Union Commission (continued)

The African Union Commission is located in Addis Ababa, Ethiopia. It has offices across Africa and other countries in Europe and USA. The African Union consist of 55 African member states as at 31 December 2021. It was established on 26 May 2001 and launched on 9 July 2002 and is charged with spearheading Africa's rapid integration, prosperity and sustainable development by promoting political and economic unity, solidarity, cohesion and cooperation among the people of Africa and African states, as well as developing partnership worldwide. The Inception of the AU marked a significant chapter in the history of the continent in that its vision and objectives focused very much on "people centered development" and a transformative agenda. The AU vision is to build an integrated, prosperous and peaceful Africa. An Africa driven and managed by its own citizens and representing a dynamic force in the international arena. The Objectives of the Union among others are to:

- Accelerate the political and socio-economic integration of the continent;
- Promote peace and security and stability on the continent;
- Promote democratic principles and institutions, popular participation and good governance;
- Promote sustainable development at the economic, social and cultural level;
- To work with relevant international partners in the eradication of preventable diseases and the promotion of good health on the continent; and
- Coordinate and harmonize the policies between the existing and future Regional Economic Communities for the gradual attainment of the objective of the Union.

The above objectives are guided by principles of the Constitutive Act, including the principle of gender equality and people centered values. African Union is made up of both political and administrative bodies. The highest decision making organ is the Assembly of the African Union made up of all the head of states or Government of Member States of the African Union. African Union has a representative body which is the Pan African Parliament which consists of 265 members elected by the national legislatures of the African Union member states.

Other political institutions of the African Union include:

- The Executive Council made up of foreign ministers of African Union Member States, which prepares decision for the Assembly;
- The Permanent Representative Committee, made up of the ambassadors to Addis Ababa of African Union member states;
- The Economic, Social and Cultural Council (ECOSOCC), a civil society consultative body; and
- Peace and Security Council, has 15 members elected on a regional basis by the Assembly to prevent, manage and resolve conflicts, post conflict peace building and developing common defense policies.

Significant efforts needed rests with Member States. Regional and continental bodies such as Regional Economic Communities (RECs) and the African Union have an important facilitating role especially with respect to:

- Policy and strategy setting;
- Coordination and catalyzing socio economic and integration agenda;
- Consensus building and advocacy;
- Experience and information sharing; and
- Setting the framework and putting in place the enabling conditions necessary for peace, security, political stability and growth.

THE AFRICAN UNION

2. The African Union Commission (continued)

The African Union has over time adopted a number of important documents establishing norms at continent level, to supplement those already in force during its inception. These documents include, "The African Union Convention on Preventing and Combating Corruption (2003)", The African Charter on Democracy, Elections and Governance (2007), and the New Partnership for Africa's Development (NEPAD). The 1980 Lagos Plan of Action for the Development of Africa and the 1991 treaty to establish the African Economic Community (also referred to the Abuja Treaty), proposed the creation of Regional Economic Communities (RECs) as a basis for African Integration, with timetable for regional and subsequent continental integration. Listed below are the current Regional Economic Communities:

- Community of Sahel-Saharan States (CEN-SAD)
- Common Market for Eastern and Southern Africa (COMESA)
- East African Community (EAC)
- Economic Community of Central African States (ECCAS)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern African Development Community (SADC)
- Arab Maghreb Union (AMU)

3. Elected Officials

The African Union Commission elected officials comprises the Chairperson, Deputy Chairperson and six Commissioners, plus staff (Constitutive Act, article 20; Commission Statutes, article 2). The Elected Officials are presented under Commission's information of this report.

The Commissioners support the Chairperson in running the Commission and have the responsibility to implement all decisions, policies and programmes relating to their portfolios (Commission Statutes, article 11). The six portfolios are set out in the Commission Statutes (article 12). In November 2018, the AU Assembly decided to reduce the number of commissioners from eight (8) to six (6) and this has been implemented effective year ended 31 December 2021. Elections for the commissioners were held during the February 2021 Assembly Summit.

The mandate of the previous Elected Officials ended in March, 2021. In line with its mandate, the Executive Council undertook the elections in February 2021 and reelected the Chairperson, elected new Deputy Chairperson and elected 4 out of the required 6 commissioners.

The remaining two (2) Commissioners namely H.E. Amb. Cessouma Minata Samate and H.E Professor Mohammed Belhocine were elected in November 2021 and their nominations were approved in February, 2022 by the Assembly to replace Mrs. Amira Elfadil Mohammed (Sudan) and Prof. Sarah Agbor (Cameroon) respectively.

FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

1. Financial reporting and accountability

The Chairperson of the Commission is the Chief Executive Officer, legal representative of the AU and the Commission's Accounting Officer (Commission Statutes, article 7). The Chairperson is directly responsible to the Executive Council for the discharge of his duties.

2. Budgeting Process

AU budget is prepared on annual basis. The budget and related matters are considered by the Permanent Representatives Committee (PRC) and its relevant sub-committees, and recommendations are made to the Executive Council, who approve and adopt the budget of the African Union.

2.1 Decision on financing of the African Union and Budget Trends

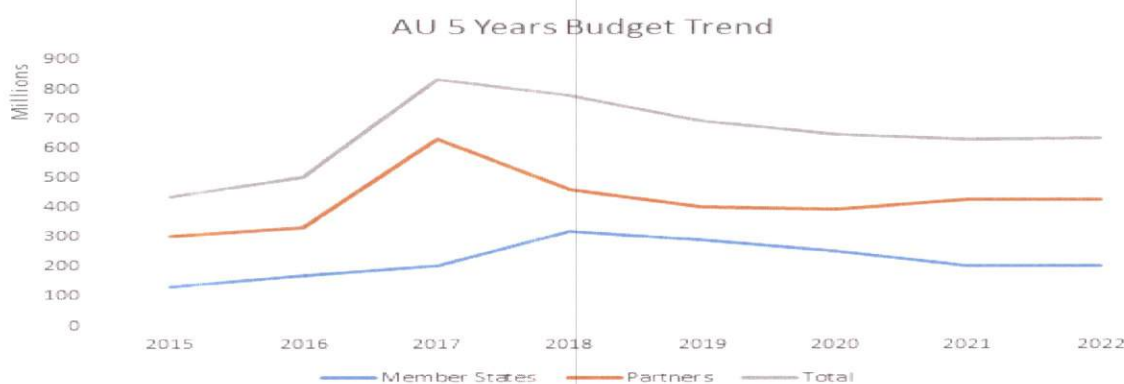
In July 2016, the Heads of State and Government adopted the decision Assembly/AU/Dec.605 (XXVII) to implement a 0.2% levy on eligible imports for all Member States to finance the Union from January 2017. The purpose of the decision is to:

- i. Provide reliable and predictable funding for continental peace and security through the Peace Fund;
- ii. Provide an equitable and predictable source of financing for the Union;
- iii. Reduce dependency on partner funds for implementation of continental development and integration programs; and
- iv. Relieve the pressure on national treasuries with respect to meeting national obligations for payment of assessed contributions of the Union. Relieve the pressure on national treasuries with respect to meeting national obligations for payment of assessed contributions of the Union.

At the reporting date, 17 African Union Member countries were implementing the 0.25% levy in order to meet their assessed contribution to the AU budget. However, the emergence of COVID-19 pandemic affected the capacity of various member countries to implement this decision. The countries reported to be implementing the levy are as follows: Kenya, Gambia, Congo Brazzaville, Gabon, Rwanda, Cameroun, Chad, Sierra Leone, Djibouti, Cote D'Ivoire, Guinea, Benin, Sudan, Ghana, Nigeria, Mali and Togo.

2.2 African Union Budget Trends

The AU budget has been growing over the years. This growth has been occasioned by the establishment and operationalization of new offices, the approval of new departmental staffing structure for the AU, approval of new staffing structure for other AU existing offices and organs. The increase in the budget has not been consistent with the Member States financing of the Union as decided in January 2015 in Johannesburg via Assembly/AU/578 (VII) on expected targets for Member States financing. The Member States financing has continued to be on the lower side as shown in the table below.



FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS (continued)

2.3 Decision on 2021 African Union Budget

The AU policy organs approved a total budget of \$726.8million for the AU including the Peace Support Operation activities for the financial year 2021. This revised amount took into account supplementary budget, reallocations and virements approved in accordance with Article 17 of the AU FRR. The 2021 budget was approved with gap of \$20.3million therefore the Union was directed to mobilize additional resources to cover the gap and subsequently remove those activities without funding from the initially approved budget. The Union was unable to mobilize resources amounting to \$12.2million which was adjusted against the initial budget as shown in the table below:

2021 Approved Budget for AU including PSO's		
Description	Decision Number	Amount (US\$)
Initial Budget	EX.CL/Dec.1097(XXXVII)	636,075,986
Budget Gap	EX.CL/Dec.1107(XXXVIII)	(12,239,825)
1st Supplementary Budget	EX.CL/Dec.1107(XXXVIII)	944,445
2nd Supplementary Budget	EX.CL/Dec.1126(XXXIX)	<u>102,045,433</u>
Revised Budget 2021 Budget		<u>726,826,039</u>

3. Source of funding of the African Union

The African Union is mainly financed by statutory contributions by the Member States, voluntary contributions from development partners and other miscellaneous income.

Member states contribution

The African Union is largely financed by the Member States through annual statutory contributions made in accordance with the scale of assessment approved by the Executive Council.

Development partners

The African Union has continued to fund much of its program budget through the support from development partners. This is through voluntary contributions, gifts and donations both in cash and in kind.

Other income

This constitutes income earned from commercial activities undertaken by AU. It includes amount earned from activities such as renting, revenue from investments and revenue of any other source not described above.

4. Risks and uncertainties.

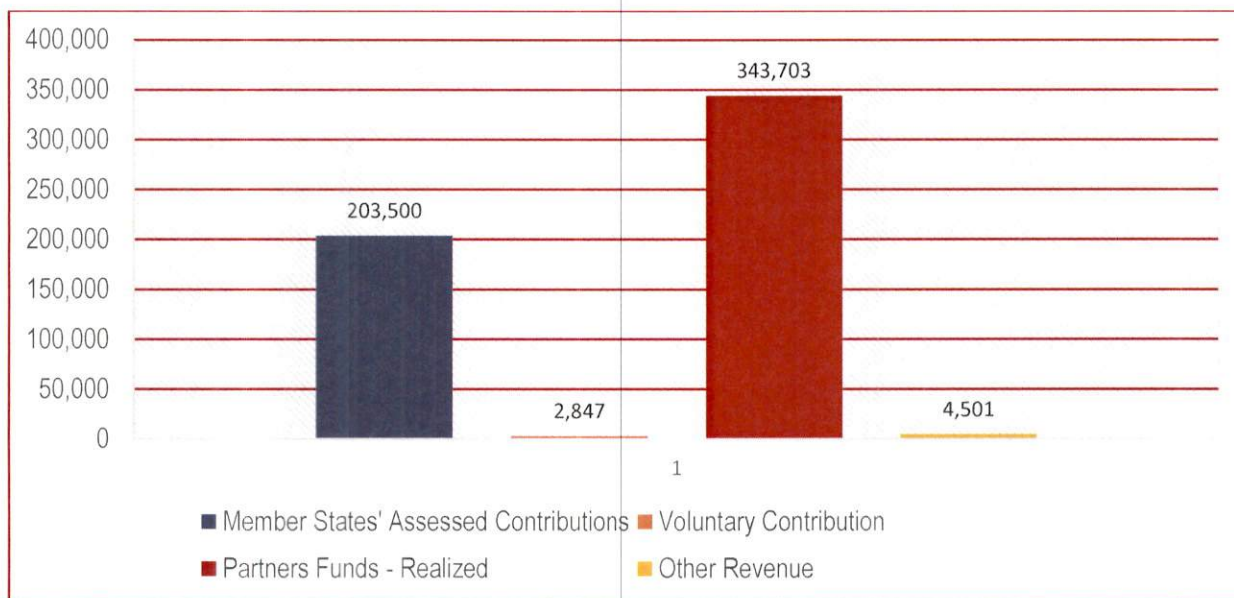
The African continent is exposed to various challenges such as political instability, economic difficulties, and natural calamities like drought, amongst others. As part of its mandate the African Union institutions and bodies mobilize resources to find rapid solutions to such challenges.

FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS (continued)

5. Financial statement line items analysis

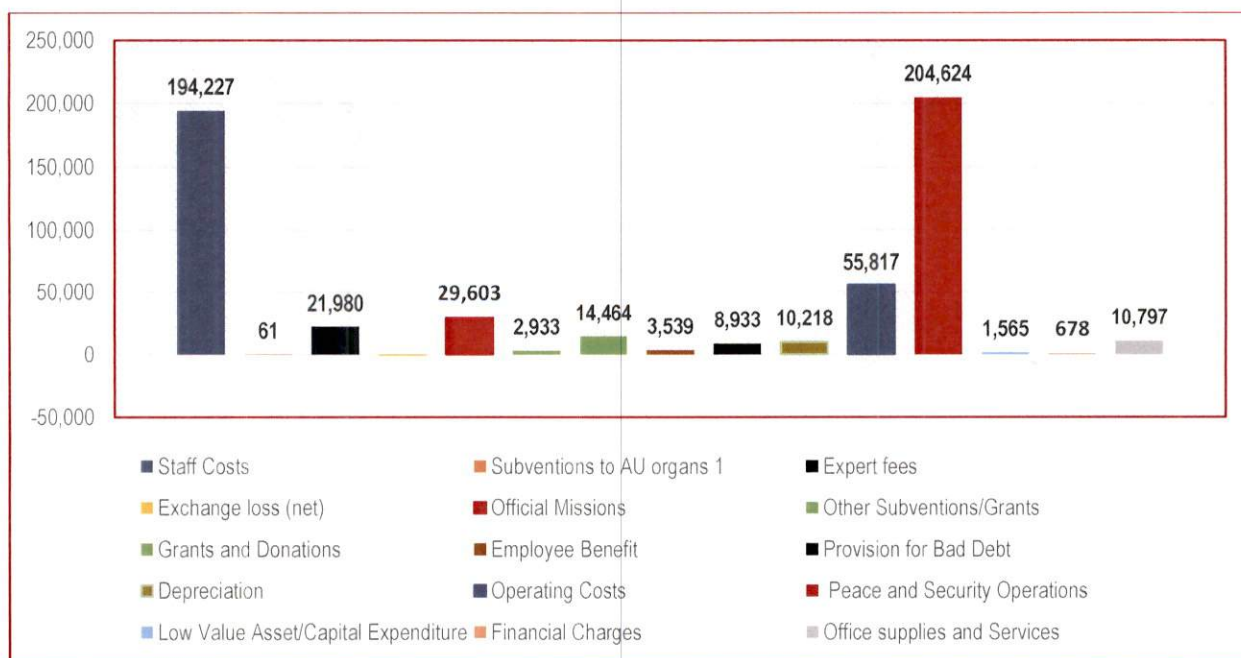
5.1 Revenue

The African Union has four (4) main sources of revenue and this include Member States assessed contribution, voluntary contribution, partner funds and other revenue earned from exchange transactions. Member states assessed contribution and partner funds represent 37% and 62% of the revenue. The table below present the sources of revenue.



5.2 Expenses

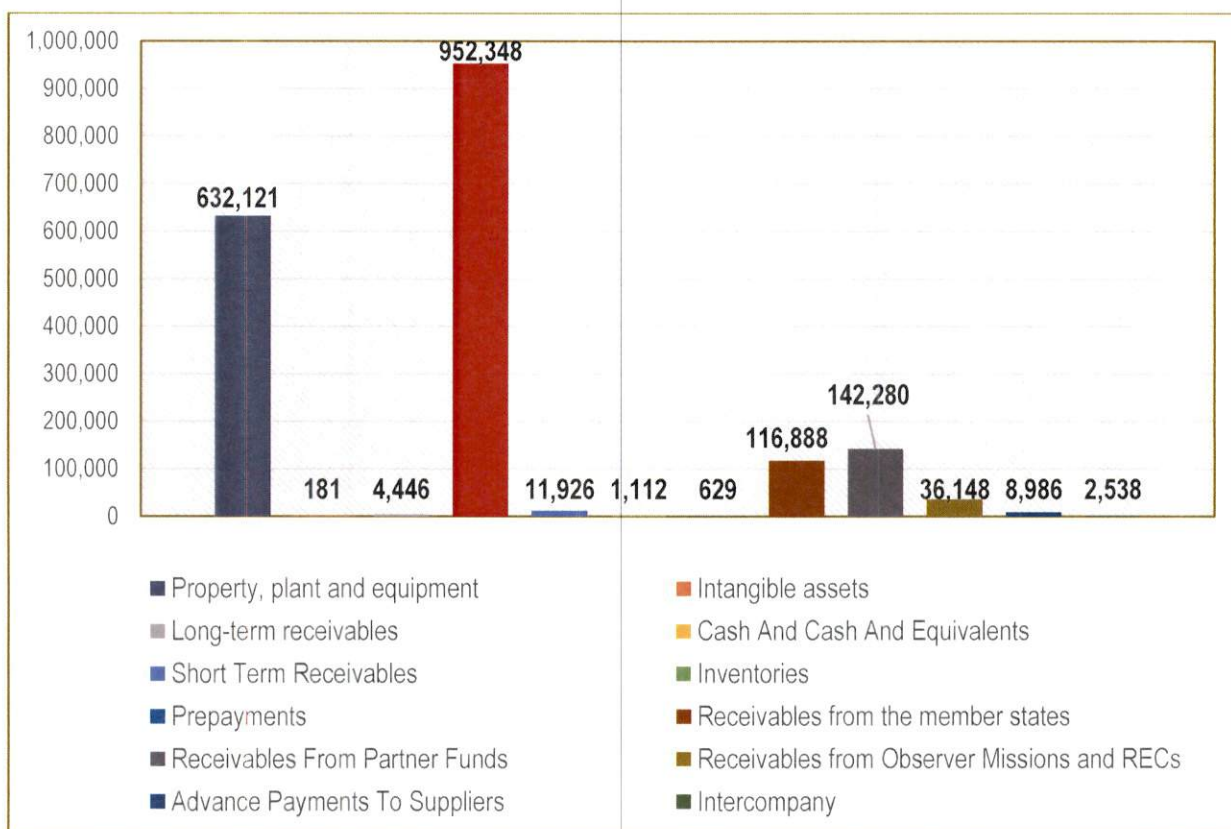
The total expenses of African Union for the year was US\$559 million compared to prior year of US\$ 496 million. The main components are presented in the table below:



FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS (continued)

5.3 Assets

The most significant asset of African Union is cash and cash equivalents which amounted to US\$952 million representing 50% of the total assets. The property plant and equipment amounted to US\$632million representing 33% of the total assets, while recoverable from Development Partners make up of 7% (US\$142 million). The receivable from Member States amounts to US\$117million which represent 6% of the assets. This is illustrated in the table below.



Property plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is attributable to the acquisition, construction or transfer of the asset. Land and work of art are not depreciated as they are deemed to have an indefinite useful life. Asset under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using straight line method.

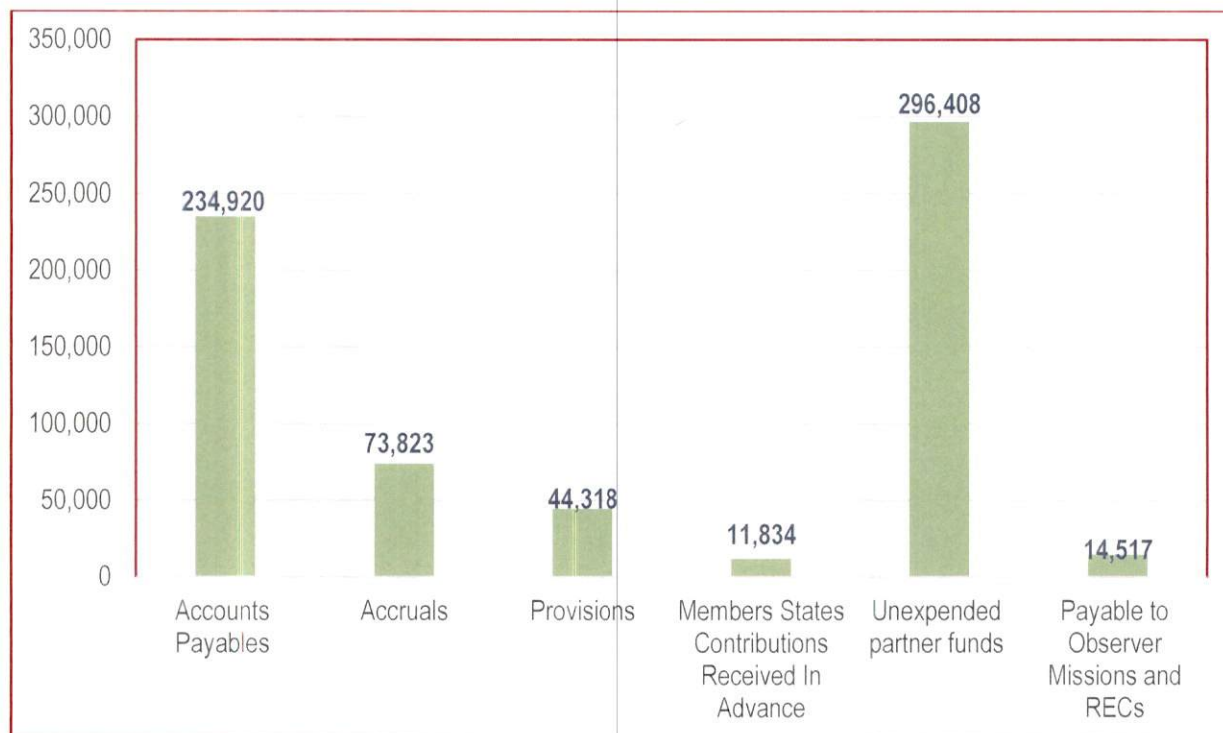
Financial assets

Financial assets of African Union are largely cash and bank balances and short term investments.

FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS (continued)

5.4 Liabilities

The liabilities consist of seven main balance items namely unexpended partner funds, accounts payable, accruals, provisions, Member States contribution received in advance, due to Observer Missions and RECs and due to AU Organs-Programme. The liabilities of the Union largely consist of balances presented the table below:



5.4 Liquidity position

The current assets exceed total liabilities by US\$ 597 million at the reporting date. The graph below depict the relationship between the current assets, liabilities and total assets



FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS (continued)

5.5 Net Assets

Net assets of US\$ 1.2 billion is the residual interest of the total assets and total liabilities. Net asset is represented by:

- Reserve Fund which comprises cumulative surpluses and contributes 56% of the total net assets;
- Special Fund which comprises funds allocated for a specific purpose in accordance with Assembly decision.



BOARD OF EXTERNAL AUDITORS

As per Assembly /AU /December.704 (XXXI), 31st Ordinary Session, 1 - 2 July 2018, Nouakchott, Mauritania, members of the first tier were assigned to audit the African union together with the nominated Heads of Supreme Audit Institutions; one from each region of Africa, appointed by the Executive Council for a two-year term as per article 77 of the Union's Financial Rules and Regulations. As per decision EX.CL/Dec.1104(XXXVII), the Board of External Auditors were appointed to audit 2020 to 2021 financial statements. The current members of the Board are:

1	Nigeria (Chair)
2	Morocco
3	Angola
4	Tanzania
5	Algeria
6	South Africa
7	Namibia
8	Libya
9	Egypt
10	Congo
11	Guinea

Following the suspension of Guinea by the African Union, the representation of Guinea on Board of External Auditors was suspended for 2021 audit.

The role of the Board of External Auditors is to carry out external audit of AU accounts, including trust, project and special funds, and ensure that it conforms to internationally accepted auditing standards and guidelines. The Board reports to the AU Executive Council through the AU Permanent Representatives Committee (PRC).

REPORT OF MANAGEMENT

The management of African Union submits its report together with the audited financial statements for the year ended 31 December 2021.

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of the financial statements comprising the statements of financial position as at 31 December 2021, the statements of financial performance, the statements of changes in net assets, statements of cash flows for the year then ended, and statement of comparison of Budget and Actual and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Public Sector Accounting Standards (IPSAS) and Financial Rules and Regulations.

Management is responsible for ensuring that the AU keeps proper accounting records that are sufficient to show and explain the transactions of the AU; disclose with reasonable accuracy at any time the financial position of the AU; and that enables them to prepare financial statements of the AU that comply with prescribed financial reporting rules and regulations. It is also responsible for safeguarding the assets of the AU and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

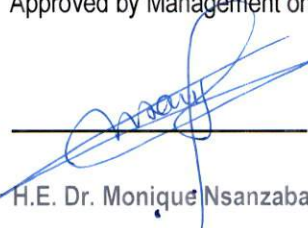
Management accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. It also accepts responsibility for:

- (i) Designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- (ii) Selecting suitable accounting policies and then apply them consistently; and
- (iii) Making judgments and accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management has assessed the AU's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of management to indicate that the AU will not remain a going concern for at least the next twelve months from the date of this statement.

Management acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by Management on 20th May 2022 and signed on its behalf by:



H.E. Dr. Monique Nsanzabaganwa

Deputy Chairperson

African Union Commission

Date: 20/5/2022



Edith Akorfa Lumor

Director of Finance

African Union Commission

Date: 20/5/2022

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2021 US\$ '000	2020 US\$ '000
ASSETS			
Current Assets			
Cash and cash equivalents	5	952,348	865,610
Short term receivables	6	11,926	13,769
Inventories	7	1,112	1,123
Prepayments	8	629	1,267
Due from Member States	9	116,888	126,131
Due from Development Partners	10	142,280	18,617
Due from Observer Missions and RECs	11	36,148	34,797
Advance payments to Suppliers	12	8,986	32,434
Due from related entity	13	2,537	4,012
Total Current Assets		<u>1,272,854</u>	<u>1,097,760</u>
Non-Current Assets			
Car loan	14	4,446	4,227
Property, plant and equipment	15	632,121	625,656
Intangible assets	16	181	506
Total Non-Current Assets		<u>636,748</u>	<u>630,389</u>
Total Assets		<u>1,909,602</u>	<u>1,728,149</u>
LIABILITIES			
Liabilities			
Accounts payable	17	234,920	153,796
Accruals	18 (a)	73,823	74,608
Provisions	18 (b)	44,318	42,506
Members States contributions received in advance	19	11,834	14,628
Due to Development Partners	20	296,408	271,049
Due to Observer Missions and RECs	21	14,516	8,439
Total Liabilities		<u>675,819</u>	<u>565,026</u>
Net Assets		<u>1,233,783</u>	<u>1,163,123</u>
NET ASSETS			
Working Capital Fund		14,428	13,210
Special Funds	22	522,129	473,977
Reserves (asset and cash)		448,369	438,016
Capital reserve		248,857	237,920
Total Net Assets		<u>1,233,783</u>	<u>1,163,123</u>

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	For the year ended 31 December	
		2021 US\$ '000	2020 US\$ '000
REVENUE			
Revenue from non-exchange transactions			
Member States' assessed contributions	23	203,500	246,960
Voluntary contribution	24	2,847	846
Partner funds realized	25	<u>343,703</u>	<u>289,019</u>
		550,050	536,825
Revenue from exchange transactions			
Other revenue	26	<u>4,500</u>	<u>11,090</u>
Total revenue		554,550	547,915
EXPENSES			
Staff costs	27	197,766	200,811
Subventions to AU organs	28	61	1,494
Expert fees	29	21,980	19,586
Official missions	30	29,603	18,566
Other subventions/ grants	31	2,933	3,148
Grants and donations	32	14,464	7,200
Provision for bad debts	33	8,933	996
Depreciation and amortization	15/16	10,218	7,942
Operating expenses	34	55,817	25,263
Peace support operations	35	204,624	196,847
Low value asset	36	1,565	1,366
Financial charges	37	678	517
Office supplies and services	38	<u>10,797</u>	<u>22,358</u>
Total expenses		559,439	506,094
Other gains			
Foreign exchange gain	39	(934)	(9,971)
Total expenses		558,505	496,123
(Deficit)/surplus for the year		<u>(3,955)</u>	<u>51,792</u>

STATEMENT OF CHANGES IN NET ASSETS

	Working Capital Fund	Special Funds	General fund	Reserves (Cash and Asset)	Capital Reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 1 January 2021	13,210	473,977	-	438,016	237,920	1,163,123
Special Fund Revenue	-	60,315	-	-	-	60,315
Special Fund Expenses	-	(5,066)	-	-	-	(5,066)
Other movement in reserves	-	(523)	-	(267)	20,156	19,366
Deficit for the year	-	-	(3,955)	-	-	(3,955)
Depreciation transfer	-	-	-	9,219	(9,219)	-
Transfer of deficit to reserves	-	-	3,955	(3,955)	-	-
Transfer of reserves to Working Capital Fund	1,218	-	-	(1,218)	-	-
Transfer of Special Funds to reserves	-	(22,101)	-	22,101	-	-
Transfer of reserves to Special Funds	-	5,597	-	(5,597)	-	-
Appropriation for the year	-	9,930	-	(9,930)	-	-
Balance at 31 December 2021	<u>14,428</u>	<u>522,129</u>		<u>448,369</u>	<u>248,857</u>	<u>1,233,783</u>

Appropriation for the year

The appropriation of US\$9,930million relate to amount transferred to Maintenance Fund of US\$1,377million as per EX.CL/Dec.877(XXVII) decision and Acquisition of AU Properties of US\$8,553 as per EX.CL/Dec.455(XIV) decision.

Capital asset reserve

The capital asset reserve represent property, plant and equipment donated to African Union .

STATEMENT OF CASH FLOWS

	Notes	US\$'000 2021	US\$'000 2020
Cash flows from operating activities			
(Deficit)/surplus for the year		(3,955)	51,792
Adjustments for:			
Depreciation of property, plant and equipment	15	9,832	7,362
Amortization of intangible asset	16	386	580
Exchange difference – non cash		(4,932)	(941)
Provision for doubtful contribution	33	<u>8,933</u>	<u>996</u>
Operating surplus before working capital changes		<u>10,264</u>	<u>59,789</u>
<i>Decrease / (increase) in:</i>			
Advance payments to suppliers		23,448	(18,338)
Prepayments		638	(142)
Short term receivables		1,843	2,918
Inventories		11	(49)
Due from Member States		9,243	37,546
Due from Development Partners		(123,663)	(2,132)
Due from observer Missions and RECs		(1,351)	(22,013)
Due from Related Entity		1,475	3,417
Car loan		(219)	1,135
<i>Increase / (decrease) in:</i>			
Accounts payable		81,124	31,133
Due to observer missions and RECs		6,077	4,069
Accruals		(785)	5,328
Provisions		1,812	3,140
Members States contributions received in advance		(2,794)	4,351
Due to Development Partners		25,359	84,566
Net cash generated from operating activities		<u>32,701</u>	<u>193,583</u>

STATEMENT OF CASH FLOWS (continued)

Cash flows used in investing activities			
Purchase of property, plant and equipment	15	(21,976)	(2,028)
Purchase of intangible assets	16	(61)	(336)
Prior year adjustment	15	<u>5,414</u>	<u>(58,407)</u>
Net cash used in investing activities		<u>(16,623)</u>	<u>(60,771)</u>
Cash flows from financing activities			
Movement in Reserve and Special Funds		69,442	115,998
Movement in Working Capital Fund		<u>1,218</u>	<u>-</u>
Net cash flows from financing activities		<u>70,660</u>	<u>115,998</u>
Net increase in cash and cash equivalents		86,738	248,810
Cash and cash equivalents at 1 January		865,610	616,800
Cash and cash equivalents at 31 December	5	<u>952,348</u>	<u>865,610</u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

(All amounts are in thousands unless otherwise stated)

	Original Budget (A)	Final Budget (B)	Actual Amounts (C)	Difference
REVENUE				
Member States' Assessed Contributions	203,500	203,500	203,500	-
Maintenance Fund	5,642	7,081	-	7,081
Administrative Cost	8,500	20,974	-	20,974
Reserves	-	11,733	-	11,733
Partners Contribution	406,194	483,537	343,703	139,834
Voluntary Contribution	-	-	2,847	(2,846)
Other Revenue	-	-	<u>4,500</u>	<u>4,500</u>
Total revenue as per Statement of Financial Position	<u>623,836</u>	<u>726,825</u>	<u>554,550</u>	<u>(172,275)</u>
EXPENSES				
Staff Costs	218,796	222,671	194,227	28,444
Expert fees	28,644	28,644	21,980	6,664
Official Missions	20,914	29,914	29,603	311
Other Subventions/Grants	4,280	4,280	2,933	1,347
Grants and Donations	22,788	22,788	14,464	8,324
Operating Costs	28,372	29,331	55,817	(26,486)
Peace and Security Operations	217,913	217,913	204,624	13,289
Low Value Asset/Capital Expenditure	3,330	3,330	1,565	1,765
Financial Charges	431	781	678	103
Office supplies and Services	<u>10,395</u>	<u>10,945</u>	<u>10,797</u>	<u>148</u>
Total	<u>555,863</u>	<u>570,597</u>	<u>536,688</u>	<u>33,909</u>
Reconciling Items due to Timing differences				
Subvention to Organs	-	-	61	(61)
Provision for doubtful debts	-	-	8,933	(8,933)
Employee benefits reported under staff cost in Statement of Financial Performance	-	-	3,540	(3,340)
Exchange difference	-	-	(935)	935
Depreciation	-	-	<u>10,218</u>	<u>(10,218)</u>
Total expenditures on reconciling items	-	-	<u>21,817</u>	<u>(21,617)</u>
Expenses as per Statement of Financial Position			<u>558,505</u>	<u>42,154</u>
Deficit for the year			(3,955)	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Statement of compliance and basis of preparation

The financial statements of the African Union have been prepared and submitted in line with the Financial Rules and Regulations of the African Union that were adopted by the Assembly of Heads of States of the African Union on 21-28 January 2014 in Addis Ababa, Ethiopia (EX.CL/802 (XXIV)). The financial statements of African Union have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the AU Financial Rules and Regulations. The financial statements have been prepared on the basis of historical cost except where stated otherwise.

The financial statements have been prepared under the assumption that AU is a going-concern, will continue in operation, and will meet its mandate for the foreseeable future (IPSAS 1-Presentation of Financial statements). The overall accounting principles followed in preparing the financial statements still remain those rules that are laid down in the AU Financial Rules and Regulations.

The qualitative characteristics of financial reporting are relevance, reliability, understandability and comparability. Preparation of the financial statements in accordance with the above requires management to make estimates that affect the reported amounts of certain items in the statement of financial position and statement of financial performance, as well as the disclosures related to financial instruments and contingent assets and liabilities. In accordance with IPSAS 1 and AU Financial Rules and Regulations Article 71, a complete set of Financial statements has been prepared as listed below:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Changes in Net Assets;
- Statement of Cash Flows;
- Statement of Comparison of Budget and Actual Expenditure; and
- Notes to the financial statements; a summary of significant accounting policies, and other explanatory notes supporting the financial statements.

1.2 Reporting entity

The African Union is located in Addis Ababa, Ethiopia. It has offices in Africa, Asia, Europe and North America. The African Union consist of 55 African member states as at 31 December 2021. It was established on 26 May 2001 and launched on 9 July 2002 and is charged with spearheading Africa's rapid integration, prosperity and sustainable development by promoting political and economic unity, solidarity, cohesion and cooperation among the people of Africa and African states, as well as developing partnership worldwide.

These financial statements cover the financial statements of the African Union Commission and Organs of African Union

1.2.1 Permanent Representational Offices

No	Name	Headquarter
1.	Permanent Delegation to the League of Arab States	Cairo, Egypt
2.	African Union Southern Africa Region Office	Lilongwe, Malawi
3.	Permanent Mission to the European Union (EU) and African, Caribbean and Pacific (ACP) states	Brussels, Belgium
4.	AU Permanent Representative to the United Nations and World Trade Organization	Geneva, Switzerland
5.	AU Permanent Representative to the United States, Washington DC	United States of America
6.	AU Permanent Observer to the United Nations, New York	United States of America
7.	The AU Representation Office in China	Beijing, China

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

1.2.2 Specialized Agencies and Regional Offices

	Name	Headquarter	Abbreviation
1.	Scientific, Technical and Research Commission	Abuja – Nigeria	STRC
2.	African Observatory of Science, Technology and Innovation	Malabo – Equatorial Guinea	AOSTI
3.	African Energy Commission	Algiers – Algeria	AFREC
4.	Inter-African Bureau for Animal Resources	Nairobi – Kenya	IBAR
5.	Inter-African Phytosanitary Council	Yaoundé – Cameroon	IAPSC
6.	Semi-Arid Food Grain Research and Development	Ouagadougou – Burkina Faso	SAFGRAD
7.	African Union International Centre for the Education of Girls and Women in Africa	Ouagadougou – Burkina Faso	AUCIEFFA
8.	Pan African Veterinary Vaccine Centre	Debrezeit – Ethiopia	PANVAC
9.	Centre for Linguistic and Historical Studies by Oral Tradition	Niamey - Niger	CELTHO
10.	African Academy of Languages	Bamako – Mali	ACALAN
11.	African Centre for the Study and Research on Terrorism	Algiers - Algeria	ACSRT
12.	International Coordination Bureau for the Management of Fouta Djallon Mountains	Conakry - Guinea	AUBCI-FDH
13.	African Mechanism for Police Cooperation	Algiers - Algeria	AFRIPOL
14.	African Institute of Remittances	Nairobi, Kenya	AIR
15.	African Union Sports Council	Yaoundé, Cameroon	AUSC
16.	Observatory – Morocco	Rabat, Morocco	
17.	Pan African Institute for Education for Development	Kinshasa- Congo	IPED
18.	African Africa Center for Disease Control	Addis Ababa, HQ	ACDC

1.2.3 Special Representative and Liaison Offices (Peace and Security)

	Name	Headquarter
1.	African Union Mission in Burundi and the Great Lakes	Bujumbura – Burundi
2.	African Union Liaison Office for CAR & Central Africa (MISAC)	Bangui- Central African Republic
3.	Multinational Joint Task Force (MNJTF)	Ndjamena, Chad
4.	African Union Liaison Office to Cote d'Ivoire	Abidjan - Côte d'Ivoire
5.	African Union Liaison Office to Guinea Bissau	Bissau - Guinea Bissau
6.	African Union Liaison Office to DRC	Kinshasa - DR Congo
7.	African Union Liaison Office to Libya	Tunis – Tunisia*
8.	African Union/Southern African Development Community (SADC) Liaison Office	Antananarivo – Madagascar
9.	African Union Mission for Mali and Sahel Region (MISAHEL)	Bamako – Mali
10.	African Union Liaison Office to Chad	N'Djamena – Chad

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

11.	African Union Mission in Somalia (AMISOM)	Mogadishu – Somalia
12.	African Union Liaison Office to South Sudan	Juba - South Sudan
13.	African Union Liaison Office- Sudan	Khartoum – Sudan

The African Union Liaison Office in Libya was relocated to Tunisia on 23 September 2014 due to the unstable political situation in Libya. The relocation was approved by Peace and Security Council.

1.2.4 Pan African Universities (PAUs)

	Name	Headquarter	Abbreviation
1.	PAU Rectorate, PAU HQ	Yaoundé – Cameroon	Rectorate
2.	The Institute for Basic Sciences, Technology and Innovation, hosted by the Jomo Kenyatta University of Agriculture and Technology	Nairobi, Kenya	PAUSTI
3.	The Institute for Life and Earth Sciences including Health and Agriculture, hosted by the University of Ibadan(Western Africa);	Ibadan, Nigeria	PAULESI
4.	The Institute for Governance, Humanities and Social Sciences hosted by the University of Yaounde II (Central Africa);	Yaoundé – Cameroon	PAUGHSS
5.	The Institute for Water and Energy Sciences, including Climate Change hosted by the University of Tlemcen (Northern Africa);	Tlemcen, Algeria	PAUWES
6.	The Institute for Space Sciences to be hosted by the Cape Peninsula University of Technology with seven (7) south African Universities (Southern Africa).	South Africa	PAUSS

1.2.5 AU Offices at various stages of establishment

Listed below are list of AU Offices and Organs established by the AU Assembly that are in various stages of operationalization in the designated locations. With the exception of AfCFTA, ACERWC and ECCOSOC, the remaining Offices expenses were accounted for under the African Union Headquarters at the reporting date.

No	Name	Headquarter	Abbreviation
1.	African Continental Free Trade Area	Accra, Ghana	AfCFTA
2.	Africa Center for Disease Control	Addis Ababa, Ethiopia	ACDC
3.	African Committee of Experts on the Rights and Welfare of the Child	Maseru, Lesotho	ACERWC
4.	Economic Social and Cultural Council	Lusaka, Zambia	ECCOSOC
5.	African Migration Observatory	Rabat, Morocco	AMO
6.	African Centre for the Study and Research on Migration	Mali , Bamako	ACSRM
7.	Pan African Institute of Education for Development (IPED)	Kinshasa, DRC	IPED
8.	Continental Operational Centre	Khartoum, Sudan	COO
9.	Pan-African Institute for Statistics	Tunis , Tunisia	STATAFRIC
10.	Pan-African Training Centre for statistics	Côte d'Ivoire	PANSTAT
11.	Post-Conflict Reconstruction Center	Cairo, Egypt	PCRD

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

1.2.6 AU Organs

Organ	Abbreviation	Country	City
The African Committee of Experts on the Rights and Welfare of the Child	ACERWC	Lesotho	Maseru
Pan African Parliament(PAP)	PAP	South Africa	Mildred
African Court on Human & Peoples' Rights (AfCHPR)	Court	Tanzania	Arusha
African Commission on Human & Peoples' Rights (ACHPR)	Banjul	Gambia	Banjul
Economic, Social & Cultural Council (ECOSOCC)	ECCOSOC	Zambia	Lusaka
New Partnership for Africa Development (NEPAD)	NEPAD	South Africa	Mildred
African Union Advisory Board on Corruption (AUABC)	AUABC	Tanzania	Arusha
African Peer Review Mechanism (APRM)	APRM	South Africa	Mildred
African Continental Free Trade Area (AfCFTA)	AfCFTA	Ghana	Accra

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Changes in accounting policy and disclosures

a. *New standard and amendments adopted by African Union*

The African Union did not adopt any new standard in 2021. There were certain amendments made to International Public Sector Accounting Standards (IPSAS) in 2021 but these did not have significant effect on the Union.

b. *Standards issued but not yet effective:*

IPSAS 41, Financial Instruments

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. The International Public Sector Standards Board approved IPSAS 41, Financial Instruments, in June 2018 and issued in August 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:

- Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;
- Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and
- Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

The standard is effective 1 January 2022. Although early adoption is permitted, the Union did not apply this standard in 2021. The standard was amended in 2019 to include the classification requirements, so that particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured at amortized cost or at fair value through net assets/equity.

Having completed its initial assessment of measurement under IPSAS 41, the Union concluded that except for the change in measurement basis of financial assets and liabilities, there are no material change that will affect its financial statements.

IPSAS 42, Social Benefits

IPSAS 42, Social Benefits was issued in January 2019 to define social benefits and determine when expenses and liabilities for social benefits are recognized and how they are measured. This Standard is effective for period beginning on or after 1 January 2022. The provisions of the standard is not applicable to African Union in this reporting year.

2.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollar (USD) which is the Organization's functional currency.

(b) Transactions and balances

Property, Plant and Equipment

Property, plant and equipment and tangible assets, retain their value in US dollars at the rate that applied at the date when they were purchased.

Other transactions

Foreign currency transactions are translated into US dollars using the exchange rate prevailing at the date of the transactions using the UN exchange rate of the month. Foreign exchange gains and losses resulting from the settlement of foreign currency transaction and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Year end balances

Year end balances of monetary assets and liabilities denominated in foreign currencies are converted into US Dollar on the basis of the UN exchange rate applying as at the year end. Foreign exchange gains and losses that relate to cash and cash equivalents are presented in surplus or deficit within 'financial charges'.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition, construction, or transfer of the items. The cost of an item of property plant and equipment is recognized only when it is probable that future economic benefit or service potential associated with the item will flow to the Union, and if the item's cost or fair value can be measured reliably.

Donated property, plant and equipment are recognized as an asset at fair market value or at a reasonable proxy of market value at the date of acquisition. Assets under construction (Work in progress) are carried at cost less any recognized impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Assets under construction (Work in Progress) are not depreciated as these assets are not yet available for use.

Property, plant and equipment with a value greater than USD 3,000 are recognized as non-current assets in the Statement of Financial Position. Self-constructed asset is subject to a capitalization threshold of USD 30,000. Assets below this threshold are referred to as low value assets and they are expensed upon purchase, as per African Union PPE policy. Subsequent to initial recognition, property, plant and equipment is stated at historical cost, less accumulated depreciation and any impairment losses. The Union considers all Property Plant and Equipment to be non-cash generating. Depreciation is calculated on a straight-line basis over the asset's useful life except for land and assets under construction which are not subject to depreciation. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful life using the straight-line method, based on the following rates:

Asset category	Useful life(years)	Useful life (%)
Buildings	50	2
Infrastructure assets	50	2
Printing and publishing equipment	20	5
Heavy wheeled vehicle and engineering support equipment	12	8.33
Specialized vehicles, trailers and attachments	12	8.33
Heavy engineering and construction equipment	12	8.33
Furniture	10	10
Conference equipment	8	12.5
Buildings- temporary and mobile	7	14.29
Communications equipment	7	14.29
Audi Visual equipment	7	14.29
Security and safety equipment	7	14.29
Fixtures and fittings	7	14.29
Water treatment and fuel distribution equipment	7	14.29
Light wheeled vehicles	6	16.67
Transportation equipment	5	20
Generator	5	20
Medical equipment	5	20
Fixtures and fittings short lease	5	20
Light engineering and construction equipment	5	20
IT equipment	4	25
Office equipment	4	25

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment (continued)

Depreciation is treated as an expense; and it is charged against revenue in the statement of financial performance.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains or losses on disposal are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and would be included in the statement of financial performance.

2.4 Heritage assets

The Union describes assets such as historical buildings and monuments, archaeological sites, conservation areas and nature reserves and works of art as heritage assets. Certain characteristics, including the following, are often displayed by heritage assets:

- Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value based purely on a market price;
- Legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale;
- They are often irreplaceable and their value may increase over time even if their physical condition deteriorates; and
- It may be difficult to estimate their useful lives, which in some cases could be several hundred years.

The Union discloses but does not recognize heritage assets that would otherwise meet the definition of and recognition criteria for property, plant and equipment.

2.5 Intangible assets

Intangible assets are resources without physical substance controlled by an entity. Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their face value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. AU considers the cost threshold as listed below during recognition of intangible assets:

Externally acquired Intangibles

- Commercial-off-the-shelf software - USD 5,000
- Other intangibles acquired separately (other Licenses & Rights) - USD 1,000

Internally Developed intangibles

- Custom developed software - USD 10,000
- Copyrights - USD 10,000

Where intangible asset is acquired at no cost (as gift, contribution, or donation) or for a nominal cost, the fair value of the asset as at the date of acquisition is used. For internally developed intangible assets, all research cost are charged to expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

The Union expense research costs incurred. Development costs on projects are recognized as intangible assets when the Union and its related entities can demonstrate:

- The technical feasibility of completing the asset, so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits or service potential;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life over 3 years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit at the expense category that is consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are not amortized. The useful lives of intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether events and circumstances continue to support their indefinite useful life assessment. Where they do not, the change in the useful life assessment from indefinite to finite are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in statement of financial performance.

Internally generated goodwill

Internally generated goodwill including internally generated brands, mastheads, publishing titles, lists of users of a service and items similar in substance are not recognized as an asset because it is not an identifiable resource controlled by the Union that can be measured reliably at cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use of the asset.

(a) African Union as a lessee

i. Finance leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Union. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Union also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in statement of financial performance.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Union will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

ii. Operating leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Union. Operating lease payments are recognized as an operating expense in statement of financial performance on a straight-line basis over the lease term.

(b) African Union as a lessor

i. Finance leases

Assets leased to customers under agreements, which transfer substantially all the risks, and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

ii. Operating leases

Assets leased to customers under agreements, which do not transfer substantially all the risks and rewards of ownership, are classified as operating leases. The leased assets are included within property, plant and equipment on the statement of financial position and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight line basis over the period of the lease in statement of financial performance unless another systematic basis is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets

Property, plant and equipment and intangible assets held by the Union are considered to be non-cash generating assets as they are not held with the primary objective of generating a commercial return. For non-cash-generating assets, the Union assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, an estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use. Impairment losses are recognized immediately in surplus or deficit. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of financial performance.

2.8 Receivables and recoverable

AU financial rules and regulations requires a separate presentation of exchange and non-exchange transactions in accordance with IPSAS. For the purpose of this financial statements, receivables are defined as stemming from exchange transactions and recoverables are defined as stemming from non-exchange transactions.

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly. Receivable from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that AU will not be able to collect all amounts due according to the original terms.

Recoverables from non-exchange transactions are carried at original amount less write-down for impairment. A write-down for impairment of recoverables from non-exchange transactions is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of recoverables from non-exchange transactions. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance. A general write-down, based on past experience, is also made for outstanding recovery orders not already subject to a specific write-down.

Amounts disclosed as recoverables from non-exchanges transactions are not financial instruments as they do not arise from a contract that would give rise to a financial liability or equity instrument. However, in the notes to the financial statements, recoverables from non-exchange transactions are disclosed together with receivables from exchange transactions where appropriate. Receivables and recoverables are classified as current assets if payment is due within one year or less. If not, they are presented as non-current assets.

2.9 Cash and equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various banks at the end of the financial year. Cash and cash equivalents are financial instruments and classified by the Union as loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories

The Union recognizes stationery and office supplies, medicines products and supplies, military products and supplies, information technology materials and accessories, maintenance materials and printing plants materials as part of its inventories. Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories held for use or distribution at no/ nominal charge is measured at lower of cost or current replacement cost. Inventories held for sale will be measured at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Union. Inventories at the end of the financial year are valued using weighted average method.

2.11 Accounts payable

A significant amount of the accounts payables by the Union are not related to the purchase of goods or services (exchange transactions). Instead they are unpaid cost claims from troops contributing countries for peace support operations. They are recorded as payables when a formal and verified request has been received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount and recognized as accounts payable in the financial statements.

Payables arising from the purchase of goods and services are recognized when goods are received and a goods received notes (GRN) is issued at reception for the original amount and corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the Union in accordance with the delivery principles. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognized at fair value.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition of financial instruments

The Union will recognize a financial asset or a financial liability on its statement of financial position when it becomes party to the contractual provisions of the underlying financial instrument and as a consequence, has a legal right to receive or a legal obligation to pay cash. Management determines the classification of financial assets at initial recognition. The Union uses trade date accounting for regular way contracts when recording financial asset transactions.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. Except for short term receivables and payables, all financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through surplus or deficits, any directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

(b) Financial assets

Financial assets are recognized at fair value and subsequently classified as loans and receivables, held to maturity investments, available for sale financial assets or financial assets at fair value through surplus or deficit.

(i) Classification

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. The Union classifies its financial assets in the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Union provides money, goods or services directly to a debtor with no intention of trading the receivable. Payments due within 12 months of the statement of financial position date are classified as current assets. Payments due after 12 months from the statement of financial position date are classified as non-current assets. Loans and receivables include term deposits with the original maturity above three months. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Union has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the Union. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the statement of financial position date.

Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as either current or non-current assets, depending on the period of time the Union expects to hold them, which is usually the maturity date.

(ii) Derecognition

AU derecognises financial asset from its statement of financial position when the contractual rights to the cash flows from the financial asset expire (usually in the case of contribution and account receivable, when payment has been received), or when it transfers the financial asset, with substantially all the risks and rewards of ownership, to another party. The Union will remove a financial liability, or part of a financial liability, from its statement of financial position when it is extinguished.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

(iii) Impairment of financial assets

Assets carried at amortized cost

The Union assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Where there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in statement of financial performance. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and the amount of the reversal is recognized in statement of financial performance.

Assets carried at fair value

In the case of equity investments classified as available for sale financial assets, a significant or permanent (prolonged) decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of financial performance – is removed from reserves and recognized in the statement of financial performance. Impairment losses recognized in the statement of financial performance on equity instruments are not reversed through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available for sale financial asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of financial performance. Reversals of impairment of equity shares are not recognized in statement of financial performance. Increases in the fair value of equity shares after impairment are recognized directly in net assets.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest Income. Reversals of impairment of debt securities are recognized in the statement of financial performance if in a subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in statement of financial performance.

(c) Financial liability

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or other financial liabilities at amortized cost. The Union determines the classification of its financial liabilities at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

(i) Classification

The Union's financial liabilities represent mainly payable to suppliers and other liabilities. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Gains and losses are recognized in statement of financial performance when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

(ii) Derecognition

A financial liability is derecognized by the Union when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of financial performance.

(iii) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting date. The Union uses widely recognized valuation models for determining fair values of non-standardized financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Union holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments. In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(iv) Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Provisions and contingent liabilities/ assets

a) Provisions

Provisions are recognized when the Union has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognized for future liabilities and charges.

b) Contingent liabilities

AU does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c) Contingent assets

The Union does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the AU in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.14 Fund accounting

A fund is a self-balancing accounting system established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The financial statements have adopted the principle of fund accounting for designated funds, showing at the end of the period the consolidated position of all funds. Fund balances represent the accumulated residual of revenue and expenses. The Fund comprises, General Fund, Reserve Fund, Working Capital Fund, Peace Fund, Peace Revolving Trust Fund and Special Funds.

(a) General Fund

The following categories of accounts shall be maintained in this fund:

- (a) Annual contributions paid by the Member States.
- (b) Advances from the Working Capital Fund.
- (c) Transfers from the Reserve Fund.

(b) Working Capital Fund

This has been established as per article 24 of the AU Financial Rules and Regulations. A Working Capital fund is established out of the reserve fund of the AU to provide advances necessary to meet commitment pending receipt of contributions due from Member States and to provide advances necessary to meet commitment and unforeseen or extraordinary Expenses arising from implementation of resolution and decisions adopted by the Executive Council or the Assembly. The proportion and ceiling of the Working Capital Fund must be at least one month of the Operational Budget of the AU.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Reserve Fund

This has been established as per Article 25 of the AU Financial Rules and Regulations, where any unutilized funds or surplus shall be recorded. It shall be utilized in accordance with a decision of the PRC for urgent or unforeseen Expenses. The minimum balance in the Reserve Fund shall be at least three months' operating budget requirement of the AU. Where the Reserve Fund is more than three months' operating budget requirement, any supplementary budget that has been approved by the Assembly shall first draw its funds from the Reserve Fund up to the extent that the balance is not less than the threshold stated in above. When the funds in the Reserve Fund float exceed three months' operating budget requirement, any excess funds shall be invested according to Article 49-53 of the Rules and Regulations.

(d) Special Funds

This has been established as per Article 26 of the AU Financial Rules and Regulations for specific purposes so as to further the objectives of the AU. These represent funds operated by AU for special purposes. These funds are kept were the Accounting Officer accepts on behalf of the AU gifts, legacies, voluntary contributions and donations made to the AU, from development partners for established special funds. Monetary donations which are not made for specific purposes, i.e. unrestricted in use, shall be considered as miscellaneous revenue and credited to the General Fund. The amounts are appropriated from the Budget every year to be used for special purposes. Accumulated balances thereof are carried forward to be used in the next periods.

(e) Peace Fund

The Peace Fund is established to provide the financial resources for Peace Support Operations. The Peace Fund is made up of:

- (a) Appropriations from the regular budget of the AU, based on a percentage of the amount of the operational budget, to be recommended by the Peace and Security Council.
- (b) Voluntary contributions from Member States and other resources.
- (c) Money from fundraising mechanisms.

(f) Peace Revolving Trust Fund

The Peace Revolving Fund is a cash flow mechanism to:

- (a) Ensure rapid response of the AU during the start-up-phase of new peacekeeping operations.
- (b) Fund expansion of existing peace support opportunities.
- (c) Meet any unforeseen and extraordinary expense requirements to peacekeeping operations.

Statutory contributions by Member States are due 1st of January of the financial year. Specific provisions are made for all known long outstanding contributions receivables from Member States.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Revenue

AU's revenue consists of both revenues from non-exchange and exchange transactions. Revenue is recognized when the amount of revenue can be reliably measured; it is probable that the economic benefits associated with the transaction will flow to the entity; and specific criteria have been met for each of the AU's activities. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized on an accrual basis in the period in which it accrues.

(a) Revenue from non-exchange transactions

Revenue from non-exchange transactions consists of Member States assessed contributions, voluntary contributions and partner funds.

i. Member States Assessed contributions

Revenue from assessed contributions of member states is recognized as non-exchange transactions as per IPSAS 23 (Revenue from non-exchange transactions). Revenue is recognized at the beginning of each year when African Union assess Member States contributions and sends out a call for funds to the Member States claiming their contribution. They are measured at their "called amount".

ii. Voluntary contributions

Revenue from voluntary contributions is recognized upon the signing of a binding agreement between the Union and the third-party providing the contribution. Voluntary contributions without restrictions are treated as non-exchange transactions. Voluntary contributions that include restrictions on their use, are initially treated as unexpended Grant and then recognized as revenue when the restrictions are satisfied. The Union considers that while there are restrictions on the use of contributions, these restrictions do not constitute conditions on transferred assets as defined under IPSAS 23.

iii. Partner funds

The Union receives funds from various development partners to fund specific programmes. Funds from these partners are recognized as a current liability in the statement of financial position (unexpended partner funds). Revenue is realized in the statement of financial performance upon expending the partner funds. Revenue is recognised upon receipt of the funds into the specified bank account or upon fulfilment of the requirements agreed on, in writing with the development partners in respect of the inflow. Asset is only recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Union or its related entities and the fair value of the asset can be measured reliably.

Where there are conditions attached that give rise to a liability to repay any unspent amount, deferred revenue is recognised up to the point where the revenue criterion is met. Expenses incurred are recognised as revenue to the extent that these costs reflect services to the statement of financial performance in the year that the eligible cost is incurred. Where the Union receives resources before a transfer arrangement becomes binding, the resources are recognized as an asset when they meet the definition of an asset and satisfy the criteria for recognition as an asset. The Union also recognise an advance receipt liability if the transfer arrangement is not yet binding. Advance receipts in respect of transfers are not fundamentally different from other advance receipts, so the Union recognise liability until the event which makes the transfer arrangement binding occurs and all other conditions under the agreement are fulfilled. When that event occurs and all other conditions under the agreement are fulfilled, the liability is discharged and revenue is recognised. In a case where pre-financing is permitted by the funding (binding) agreement entered between the Union and the development partner, owing funds from the partner(s) at the end of the reporting period are recognized as partner funds receivable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Revenue from other non-exchange transactions

Revenue from other non-exchange transactions comprises donation in cash or in-kind by organisations and individuals. Cash donations are recognised when received into the Union's designated bank account while in-kind donations are recognised as revenue and assets when it is probable that future economic benefits or service potential associated with the donation will flow to the Union and the fair value can be measured reliably.

Donation in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If donation in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized and revenue recognized as the conditions are satisfied.

AU does not recognise but discloses services in kind in its financial statements. Payments made by external parties from which AU benefits as third party are not recognised in the financial records of AU. Where material, AU may disclose.

c. Revenue from exchange transactions

Revenue from exchange transactions include interest income, sale of assets, income from the Commission's clinic, rental income and such related other income. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. Revenue from the use of the Union's facilities and other income is recognized as revenue when earned.

2.16 Expenses

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows, consumption of assets, or increases of liabilities that results in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs.

2.17 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. It includes wages and salaries (including non-monetary benefits) and accumulated annual leave, which are recognized in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

(b) Post-employment benefits

Defined contribution plan is the post-employment benefit used by African Union

Defined contribution plan is a pension plan under which the Union pays fixed contributions to a scheme. The Union recognizes post-employment benefits for long-term staff through a defined contribution plan. AU has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The defined contribution scheme is operated for all staff except for short term staff. Obligations for contributions to defined contribution plans are recognised as an expense in statement of financial performance when they are due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Termination benefits

Termination benefits are recognised as an expense when it is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Union has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.18 Taxation

AU is exempted from the payment of taxes.

2.19 Segment reporting

As required under IPSAS 18, when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area. The Union undertakes segment reporting based on the service segments and sources of financing. Service segments are reported in appendix I to the financial statements.

2.20 Statement of cash flow

The cash flow statement is prepared using the indirect method permitted under IPSAS 2. This means that the actual result for the financial year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Cash flows arising from transactions in a foreign currency are recorded in the AU's reporting currency (USD), by applying to the foreign currency amount the exchange rate between the USD and the foreign currency at the date of the cash flow. The cash flow statement reports cash flows during the period classified by operating and investing activities and the financing activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(a) Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets. The Union reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

The Union reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset. Where indicators of possible impairment are present, the Union undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

(b) Useful lives and residual values

Critical estimates are made by the Management in determining depreciation rates for property, plant and equipment. The rates used are set out in note 2.3. The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Union
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Changes in these factors could affect the reported amount.

(c) Provisions

Provisions are raised and management determine an estimate based on the information available. During the current reporting period, provisions relating to bad and doubtful debts were made and have been reported. Changes in assumptions about these factors could affect the reported amount of provisions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(d) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. FINANCIAL RISK MANAGEMENT

The Union's activities involve taking on risks in a targeted manner and managing them professionally. The core functions of the Union's risk management are to identify all key risks, measure these risks, manage the risk positions and determine capital allocations. The Accounting Officer of the Union has overall responsibility for the establishment and oversight of the risk management policy. The Directorate of Finance is responsible for risk management and report to the Accounting Officer. Directorate of Finance regularly reviews its risk management policies and systems to reflect best practice. Risk management is also carried out by the various departments and offices of the AU under policies approved by the Permanent Representative and the Executive. The Union's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. Through its risk management structure, the Union seeks to manage efficiently the core risks which affects its operations. The specific risk areas covering financial management which have been identified as requiring adequate monitoring and assessment include:

Financial risks	Non-financial risks
<ul style="list-style-type: none"> • Credit risk 	<ul style="list-style-type: none"> • Operational risk
<ul style="list-style-type: none"> • Liquidity risk 	<ul style="list-style-type: none"> • Human resource risk
<ul style="list-style-type: none"> • Market risk 	<ul style="list-style-type: none"> • Reputation risk

(a) Credit risk

Credit risk is the risk of financial loss to the Union if Member States, development partners or counterparties to financial instruments fail to meet their contractual obligations, and it arises principally from cash and cash equivalents, investments, accounts receivable and recoverable from the member states assessed contribution and partner funds. Management of the credit risk is through the choice of depository banks and invested instruments. The Union's choice of depository banks is confined to credit worth local and international banks that meet the set eligibility criteria of financial soundness. Therefore, the Union does not consider there to be any significant exposure to credit risk. In determining the recoverability of accounts receivables, the Union considers any change in the credit quality of the receivable amounts from the date credit was initially granted up to the reporting date. The Union's maximum exposure to credit risk at the end of the reporting date is as follows:

	2021	2020
	US\$'000	US\$'000
Cash and cash equivalents	952,348	865,610
Receivables from Development Partners	142,280	18,617
Accounts receivable excluding prepayments	<u>176,486</u>	<u>211,143</u>
	<u>1,271,114</u>	<u>1,095,370</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

The Union has no credit risk exposures relating to off balance sheet items.

At 31 December 2021, the Union's credit exposures on accounts receivable/recoverables were categorised as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities.

The balances for accounts receivable and recoverables category have been analysed below:

	2021	2020
	US\$'000	US\$'000
Neither past due nor impaired	300,970	222,890
Past due but not impaired	17,803	7,007
Individually impaired	-	-
Gross	<u>318,773</u>	<u>229,897</u>
Less allowance for impairment	<u>(7)</u>	<u>(137)</u>
Net amount	<u>318,766</u>	<u>229,760</u>

Individually impaired facilities

No accounts receivable was impaired at the reporting date. Based on the credit history, it is expected that these amounts will be received when due.

(b) Liquidity

Liquidity risk is the risk that the Union will not be able to meet its financial obligations as they fall due. The Union manages liquidity risk by maintaining adequate cash reserves. Prudent liquidity risk management includes maintaining sufficient cash balances for the payment of obligations as they fall due. In addition, the Union's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets required to meet these obligations, monitoring statement of financial position liquidity ratios against best practice, internal and external regulatory requirements and maintaining debt financing plans.

The table below presents the amounts payable by the Union under non-derivative financial liabilities and assets held for managing liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

At 31 December 2021

	0-3 months US\$ '000	3-6 months US\$ '000	6-12 months US\$ '000	Over 12 months US\$ '000	Total US\$ '000
Liabilities					
Accounts payables	188,617	-	-	46,303	234,920
Accruals	<u>73,823</u>	-	-	-	<u>73,823</u>
Total Liabilities	<u>262,440</u>			<u>46,303</u>	<u>308,743</u>
Assets					
Cash and cash equivalents	952,348	-	-	-	952,348
Total assets held for managing liquidity risk	952,348	-	-	-	952,348
Net position	<u>689,908</u>			<u>(46,303)</u>	<u>643,605</u>

At 31 December 2020

	0-3 months US\$ '000	3-6 months US\$ '000	6-12 months US\$ '000	Over 12 months US\$ '000	Total US\$ '000
Liabilities					
Accounts payables	147,489	-	-	6,307	153,796
Accruals	<u>74,608</u>	-	-	-	<u>74,608</u>
Total Liabilities	<u>222,097</u>			<u>6,307</u>	<u>228,404</u>
Assets					
Cash and cash equivalents	865,610	-	-	-	865,610
Total assets held for managing liquidity risk	865,610	-	-	-	865,610
Net position	<u>643,513</u>			<u>(6,307)</u>	<u>637,206</u>

Assets held for managing liquidity risk

The Union holds a diversified portfolio of cash and high-quality highly-liquid investment securities to support payment obligations and contingent funding when needed. The Union's assets held for managing liquidity risk comprise cash and bank balances and investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

The Union's is exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimizing the return on risk. The Director of Finance is responsible for the development of detailed risk management policies and for day-to-day implementation of those policies. Market risk comprises foreign exchange risk, interest rate risks and price risk.

(i) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The positions of currencies held are monitored on a periodic basis. The objective of monitoring the position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Union's policy to manage foreign exchange risk is to hold foreign currency bank accounts for foreign denominated transactions. The Union's exposure results from the following currencies; Euro, Ethiopian Birr (ETB) and Great Britain Pound (GBP). Included in the balance sheet are assets and liabilities at carrying amounts in various currencies at the reporting date.

The Union's principal foreign currency exposures are to the Euro, Ethiopian Birr (ETB) and Great Britain Pound (GBP). The table below illustrates the hypothetical sensitivity of reported surplus to a 15% (2020: 15%) decrease in the value of the US\$ against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the Union's assessment of a reasonably possible change, based on historic volatility.

US\$ weakens by 15%	Impact on statement of financial performance	
	31 December 2021 :	31 December 2020
Euro	731	570
ETB	449	463
GBP	<u>502</u>	<u>378</u>
	<u>1,682</u>	<u>1,411</u>

The strengthening of the US\$ will produce symmetrical results.

(ii) Interest rate risk

Interest rate risk is the exposure of current and future earnings to adverse changes in the level of interest rates. AU's interest rate risk arises from interest on short term investments and deposits held with commercial banks. The revenue generated from short term investments and call deposits at the reporting period and the prior period is minimal for any change in interest rates to have material impact on the financial performance of the Union.

(iii) Price risk

AU does not hold any financial instrument subject to price risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. FINANCIAL RISK MANAGEMENT (continued)

(iv) Fair value hierarchy

IPSAS 29 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities.
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. AU considers relevant and observable market prices in its valuations where possible

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Cash and cash equivalents	2021	2020
	US\$'000	US\$'000
Cash on hand	671	487
Cash at bank	573,454	587,057
Short term investments	393	192
Fixed term investments	<u>377,830</u>	<u>277,874</u>
	<u>952,348</u>	<u>865,610</u>
<p>The Short term investments represent amounts invested with JP Morgan Chase Bank in New York and ING Bank in Brussels, Belgium. The deposits earn varying interest rates. Fixed term and other investments represent amounts invested with Ecobank at varying interest rates.</p>		
6 Short term receivables		
Advance recoverable from staff members	3	36
Car loan	2,346	2,738
Travel and imprest advances	2,759	2,899
Salary and housing allowance advances	4,740	5,515
Imprest advance-Women Fund	327	632
VAT receivable	3,267	3,542
Sundry receivables	170	188
Due from Member States	364	364
Due from Non-Member States	<u>762</u>	<u>596</u>
	<u>14,738</u>	<u>16,510</u>
Provision for bad debts- other receivables	(2,812)	(2,742)
	<u>11,926</u>	<u>13,769</u>
7 Inventories		
Stationery and office supplies invoice	499	459
Uniforms and household materials	1	2
Fleet maintenance and parts	10	10
Refreshments and beverages	11	12
Maintenance materials	55	42
Printing plant materials	174	179
Information technology materials and accessories	79	81
Medical product and supplies	69	195
Military product and supplies	53	52
Slow moving Items	6	5
Fuel	<u>155</u>	<u>86</u>
	<u>1,112</u>	<u>1,123</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8	Prepayments	2021 US\$'000	2020 US\$'000
	Rent prepayment	303	300
	Education	119	208
	Insurance prepayment	129	434
	Software license	-	3
	Other prepayments	12	257
	Litigation prepayments	<u>66</u>	<u>65</u>
		<u>629</u>	<u>1,267</u>
	Other prepayments mainly relate to rent and insurance payments made in advance.		
9	Due from Member States		
	Outstanding member states contribution	148,310	148,761
	Provision for bad debts- Member States' assessed contributions	<u>(31,422)</u>	<u>(22,630)</u>
	Outstanding member states contribution	<u>116,888</u>	<u>126,131</u>
	Movement on the provision for impairment of outstanding member states contribution is as follows:		
	At start of year	22,630	22,101
	Provision in the year	<u>8,792</u>	<u>529</u>
	At end of year	<u>31,422</u>	<u>22,630</u>
10	Due from Development Partners		
	Receivables from partners	145,383	21,720
	Provision for bad debts	<u>(3,103)</u>	<u>(3,103)</u>
		<u>142,280</u>	<u>18,617</u>
	The movement in Due from Development Partners as at 31 December 2021 is presented in Appendix II .		
11	Due from Observer Missions and RECs		
	Outstanding transfers to observer missions		
	Dakar Representative Office	208	208
	DPAIT/ Sudan	19	19
	Darfur/ Sudan	<u>1,526</u>	<u>1,526</u>
	Provision for Bad debt (Darfur/Sudan)	<u>(1752)</u>	<u>(1752)</u>
	Total Receivables Observer	-	-
	Outstanding transfers to RECs		
	RECs APSA	36,750	35,399
	Provision for RECS (partners)	<u>(602)</u>	<u>(602)</u>
		<u>36,148</u>	<u>34,797</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Advance payments to suppliers

	2021	2020
	US\$'000	US\$'000
Advance payments to suppliers	11,246	34,694
Provision for doubtful debts	<u>(2,260)</u>	<u>(2,260)</u>
	<u>8,986</u>	<u>32,434</u>

13 Due from Related Entities

Due from related entities represent amounts due from African Union Organs and other Offices at the reporting date.

14 Car loan

Car loan- Non current	4,446	4,227
Car loan- Current	<u>2,346</u>	<u>2,738</u>
	<u>5,772</u>	<u>5,976</u>

Car loan is an advance given to Regular Staff in accordance with Staff Rules and Regulations (SRR). The advance is repayable within a maximum period of 48 months. The total amount at the reporting date has been classified into current and non-current. Current portion is included in short term receivables (Note 6) while the non-current portion is presented separately in the face of the financial statements in **Note 14**.

NOTES TO THE FINANCIAL STATEMENTS (continued)

All amounts are in thousands

15. Property, plant and equipment

	Land	Buildings under construction	Building	Computer and Accessories	Vehicles	Equipment	Furniture	Generator	Infrastructure Assets	Total
COST										
At 1 January	426,296	-	156,408	9,237	11,776	11,841	1,496	2,708	53,268	673,030
Additions	-	142	7,847	600	12,691	600	12	84	-	21,976
Disposal	-	-	-	(8)	(55)	(95)	(5)	(20)	-	(183)
At 31 December	426,296	142	164,255	9,829	24,412	12,346	1,503	2,772	53,268	694,823
ACCUMULATED DEPRECIATION										
At 1 January	-	-	18,741	6,882	8,718	7,516	853	2,179	2,750	47,639
Valuation of CLB assets	-	-	2,616	-	2,740	57	1	-	-	5,414
Depreciation	-	-	3,971	1,046	2,220	1,222	129	181	1,063	9,832
Disposal	-	-	-	(8)	(55)	(95)	(5)	(20)	-	(183)
At 31 December	-	-	25,328	7,920	13,623	8,700	978	2,340	3,813	62,702
NET BOOK VALUE										
At 31 December 2021	426,296	142	138,927	1,909	10,789	3,646	525	432	49,455	632,121
At 31 December 2020	426,296	-	137,932	2,355	3,058	4,325	643	529	50,518	625,656

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Property, plant and equipment (continued)

15.1 Military Aid to African Union

The People's Republic of China made an agreement to donate military equipment worth US\$100 million to the African Union warehoused at African Union Continental Logistical Base located in Doula, Cameroun. AU received 30% of the military equipment in 2018 worth US\$30 million. The verification and valuation of the equipment was completed in 2021 and recorded in the financial statements. These assets are included in the property, plant and equipment schedule.

15.2 Restrictions on titles

All lands of African Union donated by Member States are designated as national interest land and may not be sold or transferred to a third party without the approval of the Assembly and Member States concern. No property, plant and equipment of AU has been pledged as securities for liabilities at the reporting date.

15.3 Properties under litigation

The under listed properties are under litigating at the reporting date. These properties have been included in the African Union's financial statement as property, plant and equipment.

No	Description of Property	Location	Land Area	Built Up Area	Land US\$	Buildings US\$
			(Sq. Mt.)	(Sq. Mt.)		
1	1A and 1B, Kuramo Close	Ikoyi, Lagos	2,855.39	436.42	2,776,067	19,375
2	32, Oyinkan Abayomi Drive	Ikoyi, Lagos	3,053.87	365.88	3,393,185	14,726
3	5A and 5B, Ikoya Avenue, Ikoyi, Lagos	Ikoyi, Lagos	3,139.72	738.08	3,052,499	32,541
4	20, Gerrad Road, Ikoyi, Lagos	Ikoyi, Lagos	4,751.41	469.8	5,939,263	21,876
5	24, Meckunwen Road, Ikoyi, Lagos	Ikoyi, Lagos	5,636.85	837.08	6,263,160	36,651
6	3, Macpherson Avenue, Ikoyi, Lagos	Ikoyi, Lagos	2,276.88	462.37	<u>2,529,864</u>	<u>20,310</u>
	Total Value				<u>23,954,038</u>	<u>145,479</u>

15.4 Properties not valued

The properties listed below have not been valued due to lack of relevant documentation and agreements. The Union's following up with the concerned Member States to obtain relevant documentation and agreements in order to value and recognise these assets.

No	Property description
1	Isolation Unit building at African Union Commission Headquarters, Addis Ababa, Ethiopia;
2	Property at African Union International Centre for the Education of Girls and Women in Africa, Ouagadougou, Burkina Faso;
3	2 plots of land at Southern Africa Representational Office, Lilongwe, Malawi;
4	1 plot of land at Earth Station building in Dakar, Senegal;
5	1 plot of land at African Academy of Languages, Bamako, Mali;
6	1 property at 13, Queen's drive in Lagos, Nigeria

NOTES TO THE FINANCIAL STATEMENTS (continued)

16	Intangible assets		
	COST	2021	2020
		US\$'000	US\$'000
	At 1 January	6,110	5,774
	Additions	61	336
	At 31 December	<u>6,171</u>	<u>6,110</u>
	ACCUMULATED AMORTIZATION		
	At 1 January	5,604	5,024
	Amortization for the year	<u>386</u>	<u>580</u>
	At 31 December	<u>5,990</u>	<u>5,604</u>
	Net Book Value	<u>181</u>	<u>506</u>
17	Accounts payable		
	Troop contributing countries	100,826	37,595
	Suppliers	27,730	16,320
	Credit Union and Staff Association	4,360	4,159
	Staff payables	101,824	95,574
	Payable to Member States	59	59
	Sundry and other payables	<u>121</u>	<u>89</u>
		<u>234,920</u>	<u>153,796</u>
18	Accruals and provisions		
	a. Accruals	73,823	74,608
	b. Provisions	44,318	42,506
		<u>118,141</u>	<u>117,114</u>

Accruals represent amounts accrue for employee benefit, salary arrears, utility, insurance, medical and unsettled travel advances, troop allowance, death & disability and imprest advances. Provisions relate to disability compensation for troops.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Members States contributions received in advance

Members States contributions received in advance represent amounts paid by Member States in respect of 2022 financial year as part of their assessed contribution. The details are presented in **appendix IV**.

20 Due to Development Partners

Due to Development Partners relate to funds received from Development Partners but were not utilized at the reporting date. The movement in due to Development Partners is presented in **appendix III**.

21 Due to Observer Missions and RECs

Due to Observer Missions and RECs represent amounts payable to Observer Missions and Regional Economic Communities at the reporting date.

22 Special fund

Projects and Programs (Regional Offices)	1,295	1,295
Special Refugee Contribution Fund	11,190	10,795
Special Emergency Fund for Drought	14,956	14,956
Acquisition of AU Properties	110,723	102,748
Member States -High Level Panel & Minis	-	824
Work on Union Government Proposal	-	55
General Peace Fund (SF005)	56,658	56,658
Solidarity fund (SF007)	3	3,190
Acquisition of Washington Office Premises	-	91
Acquisition of Brussels office	223	223
Acquisition of NY Office Premises	135	135
African Group Fund for Geneva	41	26
South Africa Donations Fund for Geneva	(14)	-
Horn of Africa Famine Relief	-	2,730
African Women Fund	5,579	4,989
Maintenance Fund	11,901	13,803
AFISMA Trust Fund	-	15,000
Peace Fund	309,438	246,250
EEC/ACP Funds for Brussels	1	1
High Level Panel on Alternative Sources of Financing	-	208
	<u>522,129</u>	<u>473,977</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Member States' assessed contributions

The African Union is financed by contributions from Member Countries. The amount represent 2021 assessed contributions for regular budget which was recognized on 1 January 2021.

24 Voluntary contribution	2021	2020
Rwanda (AUDA/NEPAD)	-	99
South Africa (AUDA/NEPAD)	435	-
South Africa - in kind contribution through hosting agreement (AUDA/NEPAD)	-	527
Kenya (PAUSTI)	562	-
Kenya (IBAR)	200	-
Mauritius (APRM)	1,000	-
Namibia (APRM)	3	-
Burkina Faso (APRM)	397	177
Gabon (APRM)	250	-
Tanzania (AUABC)	-	43
	<u>2,847</u>	<u>846</u>
25 Partner funds realized		
Peace and security Programs	264,662	244,377
	<u>79,041</u>	<u>44,642</u>
	<u>343,703</u>	<u>289,019</u>
26 Other revenue		
Donated assets	154	206
Disposal of obsolete assets	15	20
AU clinic	60	41
Rental income	314	451
Car loan interest	-	6,839
Interest on bank accounts	2,627	326
Interest on short-term investments	231	3,184
Miscellaneous income	787	23
Parking charges	42	-
Prior year expense adjustment	<u>270</u>	-
	<u>4,500</u>	<u>11,090</u>

The prior year adjustment relates to the difference between accrued expense for comparative year and actual expense incurred. The difference is credited to other revenue as prior year adjustment.

Miscellaneous income mainly relates to cash balance of development partners transferred to AU and long outstanding amounts recovered from staff at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Staff cost

	2021 US\$'000	2020 US\$'000
Basic salary	48,891	51,866
Employee benefit	3,539	5,769
Post adjustment allowance	19,031	19,133
Acting allowance	872	256
Temporary assistance	1,959	1,796
Overtime	761	287
Dependency allowance	1,551	1,532
Housing allowance	16,635	16,823
Pension scheme	9,608	9,702
Special allowance/short-term salaries	62,240	63,596
Education allowance	8,081	7,672
Travel on home leave	1,009	817
Installation allowance	1,354	440
Preferential exchange rate	-	198
Insurance of personnel	5,463	5,318
Separation cost	2,615	3,756
Staff welfare	15	28
Non-Residence allowance	279	278
Cost of initial recruitment	139	22
Transportation of personal effects	1,292	742
Hardship allowance	(18)	78
Ration allowance	-	657
Stipends	5,059	5,424
Duty on call allowance	22	28
Staff welfare	9	20
Funeral expenses	4	5
Medical expenses	6,943	4,584
Judicature allowance	156	-
Intersession allowance	206	-
Board Administration allowance	51	-
Entertainment cost	-	(16)
	<u>197,766</u>	<u>200,811</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

28	Subventions to AU Organs	2021	2020
		US\$'000	US\$'000
	ECOSOCC	-	655
	African Union Commission on International Law (AUCIL)	61	74
	Peace and security Council	-	558
	African Charter on the Rights and Welfare of the Child	<u>-</u>	<u>207</u>
		<u>61</u>	<u>1,494</u>
29	Expert fees		
	Legal fees	913	372
	Consultancy fees	8,336	10,614
	Audit fees	151	138
	Freelance fees	6,084	3,432
	Honorarium	4,671	3,550
	Software licenses and rental fee	1,788	1,434
	Brokerage fees	<u>37</u>	<u>46</u>
		<u>21,980</u>	<u>19,586</u>
30	Official missions		
	Travel tickets	10,350	7,694
	DSA	15,108	8,407
	Terminal allowance	131	36
	Visa fees	141	39
	Meals and accommodations	3,765	2,269
	Mission assistance	53	119
	Registration fees	55	1
	Airport tax	<u>-</u>	<u>1</u>
		<u>29,603</u>	<u>18,566</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31	Other subventions/ grants	2021	2020
		US\$'000	US\$'000
	Refugees and IDPs	1,789	1,920
	Peace Fund	-	19
	Special subvention and grant	250	250
	African Women Fund	<u>894</u>	<u>959</u>
		<u>2,933</u>	<u>3,148</u>
32	Grants and donations		
	Donations	1,359	19
	Grants	12,076	6,687
	Awards	<u>1,029</u>	<u>494</u>
		<u>14,464</u>	<u>7,200</u>
33	Provision for bad debts		
	Short term receivables	141	326
	Due from Member States	8,792	529
	Interoffice	<u>-</u>	<u>141</u>
		<u>8,933</u>	<u>996</u>
34	Operating expenses		
	Rent	10,554	6,337
	Communications	29,439	10,943
	Repair and maintenance	2,050	1,535
	Utilities	1,372	1,381
	Hospitality	68	72
	Printing and binding	401	288
	Publication and periodicals	1,735	1,548
	Insurance	744	667
	Fuel and lubricants	8,551	1,277
	Training	903	1,147
	Others	-	1
	Tribunal's litigation payment	<u>-</u>	<u>67</u>
		<u>55,817</u>	<u>25,263</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021	2020
	US\$'000	US\$'000
35 Peace support operations		
Salaries and allowances – PSO	(3)	-
Peace keepers allowances	197,882	185,452
Death and disability grants	6,745	8,644
Contingent-owned equipment fee	<u>-</u>	<u>2,751</u>
	<u>204,624</u>	<u>196,847</u>
36 Low value Asset		
Buildings	-	20
Motor Vehicles	80	190
Computer & Accessories	697	411
Software	105	1
Office Equipment	85	150
Office Furniture & Fittings	111	210
Household Furniture and Fittings	3	5
Printing Equipment & Machines	3	12
Medical Equipment	88	47
Audio Visual Equipment	214	38
Licenses and Rights	8	32
Loss due to scrapping	30	46
Other Assets	12	38
Security and Safety Equipment	6	56
Generators	3	55
Transportation Equipment	-	1
Conference Interpretation	<u>120</u>	<u>54</u>
	<u>1,565</u>	<u>1,366</u>

Other assets mainly relate to electrical and household items purchased by PAULESI during the year.

37 Financial charges

Financial charges represent bank charges for the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

38	Office supplies and services	2021 US\$'000	2020 US\$'000
	Stationery Supplies and Services	701	842
	Printing Plant Materials Supplies	100	287
	Maintenance supplies	927	95
	Uniforms and Household Materials	182	93
	Fleet Maintenance Parts	5	-
	Refreshments and Beverages	204	396
	Information Technology Materials and Accessories	1,864	1,511
	Medical Product and Supplies	715	1,019
	Military Product and Supplies	88	967
	Cleaning Services	531	606
	Security Services	1,422	651
	Advertising	257	366
	Renovation Materials	5	4
	Customs Clearance Charges	32	50
	Event Organizing fees	38	2
	Other Supplies & Services	<u>3,726</u>	<u>15,469</u>
		<u>10,797</u>	<u>22,358</u>

Other supplies and services is made up of US\$1,999 and US\$1,850 in respect of provision for AU Air Mobility Services for the Multinational Joint Task Force (MNJTF) and provision for Command Control Communications and Information Services for the Multinational Joint Task Force (MNJTF) respectively.

39 **Foreign exchange gain**

Foreign exchange gain represents gains from exchange rate fluctuations during the year.

40 **Related parties**

In the course of its operations, the AU enters into transactions with related parties, which include the Member States, AU organs and Representative Offices. Funds received from member states have been disclosed on the Statement of financial performance. Funds sent to Representative Offices and Organs have been operated at arm's length and consolidated in the AU financials.

Key management personnel

The key management personnel, as defined by IPSAS 20 Related Party Disclosures, are the elected Officials of the AU, who together with the PRC constitute the governing body of the AU. This will include the Chairperson, Deputy Chairperson and the 6 commissioners. The total remuneration is shown below. The key management personnel are provided with vehicle and driver during their tenure. The Chairperson and Deputy Chairperson are provided with a furnished house.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2021 US\$'000
Chairperson	364
Deputy Chairperson	299
Commissioner for Agriculture, Rural Development, Blue Economy, and Sustainable Environment (ARBE)	267
Commissioner for Economic Affairs	82
Commissioner for Human Res. Science & Tech	265
Commissioner for Infrastructure & Energy	267
Commissioner for Political Affairs Peace and Security	345
Commissioner for Social Affairs	248
Commissioner for Trade and Industry	276
Secretary General of the African Continental Free Trade Area Secretariat	268
Other benefits – defined contribution to ALICO	<u>393</u>
	<u>3,074</u>

41 Office Premises provided by Host Countries

The Office premises of most of the AU Regional Offices are provided by the respective Host Countries, as specified in the Host Agreements. The value of these services is not readily available from the Governments. However, the estimate of the rent provided by the Host Governments for the Regional Offices is approximately US\$ 1,311,431, but this has not been recognized at the reporting date.

42 Employees

The number of employees at the end of the year was **2,084** (2020: 2,177).

43 Disclosure relating to Regional, Technical, Specialized and Liaison Offices

43.1 UN logistic support provided to AMISOM

As per the Security Council Resolution 1863 of 16 January 2009, United Nations Support Office for AMISOM (UNSOA) was mandated to provide logistics support for the Mission. The successive Security Council Resolutions have maintained the logistic package, although the name changed from UNSOA to UNSOS (United Nations Support Office for Somalia). The entire support is managed using UN Financial Rules and Regulations and the values of the goods and services acquired are not provided to the AU.

The elements of support cover the following areas:

- Reimbursement of Contingent Owned Equipment;
- Acquisitions of equipment required for troop and police contingents
- Provision of any other equipment, supplies or services
- Other logistics requirement for the Mission
- Hiring personnel, consultants, experts and support staff
- Outreach activities aimed at the Somali general population and civil society
- Training and capacity building for the Mission

NOTES TO THE FINANCIAL STATEMENTS (continued)

43.2 The African Committee of Experts On the Rights and Welfare of the Child (ACERWC)

The African Committee of Experts on the Rights and Welfare of the Child (ACERWC) of the African Union moved from Ethiopia to its new headquarters in Lesotho around the end of 2020, as per the Execution Decision Ex.CL/Dec.1010 (XXXIII) of June, 2018 on the relocation of the Secretariat from Addis Ababa, Ethiopia to Maseru, Lesotho. The committee is mandated with ensuring the protection of the rights of children through formulating principles and rules among other roles. ACERWC has been migrated onto SAP. All relevant financial transactions have been accounted and reported as part of African Union's financial statements for the year ended 31 December 2021.

43.3 The Economic, Cultural and Social Council (ECOSOCC)

The Economic, Cultural and Social Council (ECOSOCC) of the African Union was previously located in Ethiopia at the AU headquarters before it was moved to Lusaka Zambia in 2019. ECOSOCC is the civil society policy organ of the African Union. It is an advisory organ of the Union designed to serve as a policy development interface that will harness civil society expertise to the work of various Departments of the Commission and through it, to its union at large. The core function of ECOSOCC as contained in Article 7 of its Statutes is to "contribute, through advice, to the effective translation of the objectives, principle and policies of the Union into concrete programmes." ECOSOCC has been migrated onto SAP. All relevant financial transactions have been accounted and reported as part of African Union's financial statements for the year ended 31 December 2021.

43.4 African Continental Free Trade Area (AfCFTA)

The African Continental Free Trade Area (AfCFTA) is a free trade area . It was created by the African Continental Free Trade Agreement among 54 of the 55 African Union nations in 2018. The operational phase of the African Continental Free Trade Area (AfCFTA) was launched in Niamey, Niger on 7th July 2019 at the African Union's Extraordinary Summit, with a transition period up to 1 July 2020 when trading will begin under the deal. Ghana was selected as the country to host the secretariat of the African Continental Free Trade Area (AfCFTA), making it responsible for the overseeing the implementation of the agreement. The country has committed to donate \$10 million for the operationalization of the AfCFTA Secretariat. The Agreement entered into force on 30 May 2019 after ratification by the required 22 AU member states. AfCFTA has been migrated onto SAP. All relevant financial transactions have been accounted and reported as part of African Union's financial statements for the year ended 31 December 2021.

43.5 AU Foutta Djallon Highlands Integrated Natural Resources Programme

AS per Executive Decision EX.CL/1027 (XXXI) of June 2017, the Fouta Djallon Highlands integrated natural resources programme (RPID-FDH) in Conakry, Guinea was transferred to ECOWAS. Subsequently, an official ceremony was done to hand over the Programme to ECOWAS on October 2018. An Interdepartmental Taskforce comprised of Department of Agricultural, Rural Development, Blue Economy and Sustainable Environment (DARBE), Department of Human Resources Management (HRMD), Operations Support Services Directorate (OSSD), Office of Legal Counsel (OLC) and Directorate of Finance has been established to finalized the closure of the Programme in 2022.

43.6 The Africa Centres for Disease Control And Prevention (CDC)

Africa Centres for Disease Control and Prevention (ACDC) is a specialized technical institution of the African Union established to support public health initiatives of Member States and strengthen the capacity of their public health institutions to detect, prevent, control and respond quickly and effectively to disease threats. Africa CDC supports African Union Member States in providing coordinated and integrated solutions to the inadequacies in their public health infrastructure, human resource capacity, disease surveillance, laboratory diagnostics, and preparedness and response to health emergencies and disasters.

NOTES TO THE FINANCIAL STATEMENTS (continued)

It was established in January 2016 by the 26th Ordinary Assembly of Heads of State and Government and officially launched in January 2017. The institution serves as a platform for Member States to share and exchange knowledge and lessons from public health interventions. ACDC has been migrated onto SAP. All relevant transactions have been accounted and reported as part of African Union Commission's financial statements in this financial year.

43.6.1 Technical Assistance provided through independent implementing partners to support Africa Centre for Disease Control and Prevention (Africa CDC)

Africa Centre for Disease Control and Prevention (Africa CDC) receive support from development partners through independent implementing partners in the form of Technical Assistance. At this reporting date, donations in the form of activities supported, services rendered, and staff seconded to an estimated amount of US\$166 million has been provided through the five (5) independent implementing partners. Out of this, activities and services worth about US\$78 million has been rendered. The dollarized donations are presented below as per the independent implementing partner that the funder is using:

S/N	Implementing Partner	Funding Received by Implementing Partner (US\$)	Expenditure (US\$)
1	African Field Epidemiology Network (AFENET)	118,878,797	55,833,839
2	African Society for Laboratory Medicine (ASLM)	16,644,980	7,003,871
3	Africa Public Health Foundation (APHF)	18,474,990	14,835,480
4	Institute Pasteur Dakar (IPD)	147,623	147,623
5	AMREF Health Africa	<u>11,499,989</u>	<u>399,336</u>
	Total	<u>165,646,379</u>	<u>78,220,149</u>

43.6.2 African Union Covid-19 Response Fund

The African Union COVID-19 Response Fund aims to raise resources to strengthen the continental response to COVID-19 by supporting pool procurement of diagnostics and other medical commodities by Africa CDC for distribution to the Member States, and mitigating the pandemic's socio economic and humanitarian impact on African populations. At the reporting date, the following resources have been received or deployed:

- a) US\$ 83 million was received by Africa CDC in 2020 and 2021. These funds were transferred to CDC Bank Accounts with Commercial Bank of Ethiopia, ECOBANK, Kenya and Standard Bank, South Africa. The transactions relating to this amount were recorded under African Union Commission (AUC).
- b) US\$53 million worth of infection prevention control items was donated by donors in 2020 and 2021 to Member States directly.

NOTES TO THE FINANCIAL STATEMENTS (continued)

43.7 African Migration Observatory (AMO)

African Migration Observatory was established through Assembly Decision referenced Assembly/AU/Dec.695 (XXXI) and hosted by Morocco in Rabat. The African Migration Observatory was established to address the real and pressing need for Africa to generate knowledge and better understand the migration phenomenon. The idea of this new mechanism, which will help to develop, through reliable and accurate data on migration; clear, effective and realistic migration policies and programmes, was suggested by HM King Mohammed VI of Morocco during the organization's 30th summit in 2018 in the framework of the African Agenda on Migration. The proposal was endorsed by African Heads of State and Government at the 31st AU Summit that was held in Nouakchott, Mauritania in July 2018. The African Migration Observatory 2021 financial activities were handled by the AUC Headquarters in Addis Ababa, Ethiopia and thus form part of the financial statements of AUC.

43.8 African Centre for The Study and Research On Migration (CARIM)

The African Union Commission launched the African Centre for the Study and Research on Migration (CARIM) in Bamako, Mali on the 19th March 2021. CARIM serves as a specialized technical office to advance the knowledge base of the African continent on migration and mobility, and contribute to evidence-based interventions on migration in Africa. The CARIM was established on the back of decision Assembly/AU/Dec.758(XXXIII) of the 33rd AU Assembly of February 2020 which adopted the Statute for the establishment of the agency under the Department of Health, Humanitarian Affairs and Social Development. The 2021 financial activities were handled by the AUC Headquarters in Addis Ababa, Ethiopia and thus form part of the financial statements of AUC.

43.9 Continental Operational Centre

Continental Operational Centre was established through Executive Council decision (EX.CL/Dec.987(XXXII)) to improve the overall migration governance regime in Africa, specifically the management of irregular migration. It was established and hosted by Sudan as a Continental cooperation mechanism for the exchange of information among security agencies of Member States of the AU and between the Continental Operational Centre and other similar initiatives and processes on the continent and beyond in combating human trafficking and migrant smuggling. The Centre was inactive in 2021 therefore there was no financial transaction.

43.10 Pan-African Institute for Statistics (STATAFRIC)

The African Union Institute for Statistics (STATAFRIC) was established by the Decision taken in Addis Ababa, Ethiopia, on 28 January 2013 by the Assembly of Heads of State and Government. It is being hosted by the Government of Tunisia in Tunis. The role of the Institute is to harmonize statistics and coordinate and regulate the production of quality statistics. The 2021 financial activities were handled by the AUC Headquarters in Addis Ababa, Ethiopia and thus form part of the financial statements of AUC.

43.11 Pan-African Training Centre for Statistics (PANSTAT)

Pan-African Training Centre for Statistics (PANSTAT) was established as a Pan-African Statistical Training Centre in 2014 to fill the existing gap in the training of African statisticians with emphasis on specialization in specific areas; train organization and management of modern statistical organisations; train in communication and marketing of statistical products; and enable African statisticians to speak the same language by offering courses in French and English especially in areas of organization and management and communication and marketing. It is hosted by the Government of Côte d'Ivoire in Yamoussoukro at Institut Polytechnique Felix Houphouet Boigny. The 2021 financial activities were handled by the AUC Headquarters in Addis Ababa, Ethiopia and thus form part of the financial statements of AUC.

NOTES TO THE FINANCIAL STATEMENTS (continued)

43.12 African Union Centre for Post-Conflict Reconstruction and Development

The African Union Centre for Post-Conflict Reconstruction and Development (PCRD) was officially launched on 21 December 2021 in Cairo, Egypt. The AU Assembly of Heads of State and Government, through its Decision AU/Dec.351 (XVI) of 31 January 2011, had welcomed the proposal by the Government of Egypt to establish the Centre as a means to building sustainable resilience, to enhance structural transformation and thereby prevent relapse into conflicts. The launch of the Centre constitutes an important step in Africa's efforts to operationalize the PCRD Policy Framework, adopted at the Banjul Summit in 2006.

The mandate of the Centre focuses on providing technical support towards the implementation of the AU PCRD Policy Framework. The Centre will serve as the African Union's specialized technical agency for the implementation, monitoring and evaluation of PCRD programmes and projects in countries emerging from conflicts. It will work closely with the AU Commission and other stakeholders to mobilize resources and follow up the implementation of the six pillars included in the PCRD Policy Framework. The financial transactions incurred in the established of the Centre was accounted and reported under AUC Headquarters.

43.13 HROME Burundi Office and program

The African Union (AU) Human Right Observers (HROs) and Military Experts (MEs) Mission was authorized by the AU Peace and Security Council (PSC) at its 515th Meeting held in Johannesburg, South Africa, on 13 June 2015. The Human Rights Observers and Military Experts (HROME) Program was implemented in Burundi in partnership with the European Union (EU) since November 2016 with the Phase 1 agreement FED/2017/384-056 and Phase 2 with agreement FEC/2019/405-227 signed in February 2019.

The PSC unanimously decided to close the Human Rights Observers (HROs) and Military Experts (MEs) mission in Burundi on 31 May 2021. Henceforth, from this date the HRO/ME mission ceased to technically exist. However, the mission is still awaiting the modalities for final closure, including the separation and eventual payment of benefits to Human Rights Observers and Military Experts.

43. 14 AMISOM and Replacement with ATMIS

The African Union Transition Mission in Somalia (ATMIS) has effectively replaced the African Union Mission in Somalia (AMISOM) with effect from 1 April 2022, in line with the decision of the Peace and Security Council (PSC) during its 1068th meeting held on 08 March 2022, which mandated ATMIS to support the Federal Government of Somalia (FGS) in the implementation of the Somali Transition Plan (STP) and to transfer security responsibilities to the Somali Security Forces (SSF) and institutions. UNSCR 2628 has authorized unanimously ATMIS under chapter VII of the charter of the UN from 1st April 2022. AMISOM was in existence since 2007.

The ATMIS strategic objectives, as defined in the Concept of Operations (CONOPS) is as follows:

- conduct jointly planned and targeted operations with Somali Security Forces to degrade Al Shabaab and other terrorist groups;
- jointly hold key population centers and provide protection for local communities, UN personnel and installations, secure main supply routes, and coordinate stabilization, reconciliation and state-building activities with Somali Security Forces and government authorities;
- assist the FGS and the FMS in the delivery of stabilization packages as well as in facilitating humanitarian assistance to those in need;
- support capacity-building for Somali Security Forces, prioritizing force generation, operational competence, and logistical support capabilities;

NOTES TO THE FINANCIAL STATEMENTS (continued)

- conduct all operations in full recognition of international obligations to International Human Rights Law, International Humanitarian Law, the AU Compliance and Accountability Framework for Peace Support Operations, and UN Human Rights Due Diligence Policy. In this context, ATMIS should strengthen its Civilian Casualty Tracking, Analysis and Response Cell (CCTARC) and reporting mechanism;
- promote greater gender parity and increased numbers of women at all levels of the mission, including leadership positions;
- undertake peacebuilding, post conflict reconstruction and development, and stabilization measures using the good offices of the Special Representative of the Chairperson of the AU Commission and Head of ATMIS, including the African Union Post Conflict Reconstruction and Development Center in Cairo, Egypt.

In order to undertake these key strategic tasks, AMISOM shall be reconfigured into ATMIS to:

- become more agile, more mobile, more flexible, and better able to respond to the emerging threats by enhancing its force protection and posture as well as by creating mobile and quick reaction forces;
- realign its mission components and deployments across ATMIS sectors to better execute its mandated tasks;
- adjust its equipment to match its operational tasks;
- adjust its logistical support to meet the requirements of ATMIS outlined in the CONOPs; and
- enhance its support to the Somali Security Forces to increase its capacity to take over security responsibilities.
- ATMIS continues to be supported by its traditional partners the European Union, United Kingdom and UNSOS.

ATMIS shall comprise military, police, and civilian components, to facilitate implementation of its mandate in support of the STP. ATMIS shall be constituted by the current AMISOM T/PCCs and civilian personnel to ensure the continuity of the operation and prepare the transition to the Somalia SSF. During the transition period ATMIS will be reconfigured as per the mandate defined in the CONOPS. In 2022 AMISOM will remain with the approved budget for 2022 in the first three months of the year while ATMIS will continue with the same approved budget for 2022 from 1st April and prepare necessary amendments to the approved 2022 budget and change of the name to be approved by the Policy Organs. ATMIS will be headed by Special Representative of the Chairperson of the Commission (SRCC) to whom each component will report to.

44. Segment reporting

IPSAS 18 requires that when activities conducted by an organization are broad and encompass a wide range of different geographical regions, with different social economic characteristics, it is necessary to report disaggregated financial and non-financial information about particular segments to provide relevant information for accountability and decision making. The two types of segments reported are referred to as service segments or geographical segments. These terms have the following meaning:

Service segment refer to a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives consistent with its overall mission;

A geographical segment is a distinguishable component of an entity engaged in providing related services or achieving particular operating objectives with a particular geographical area. The AUC undertakes segment reporting based on the service segments and sources of financing. The reportable operating segments derive their revenue primarily from assessed member states contributions and partner funds.

Member states assessed contribution is received by the AUC and sent to each of the entities in the form of subventions. The AUC also has 14 liaison offices spread across various African countries. The liaison offices' operations are coordinated from the AUC headquarter in Addis Ababa, Ethiopia.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For management and reporting purposes, The African Union is organized into the following service segments;

- The African Union Commission (AUC) headquarter;
- Thirteen liaison offices;
- Eighteen (18) specialized agencies and regional offices; and
- Seven (7) permanent representation offices.
- Five (5) Pan African Universities (PAU) offices

The segment information is presented in appendix I

45. Revitalized Peace Fund

In July 2016, the AU Assembly of Heads of State and Government decided to institute a universal levy of 0.2% on eligible imports to finance the African Union. The 0.2% levy will endow the Peace Fund with \$325m in 2017 rising to a total of \$400m by 2020 against an estimated overall Peace Fund budget of \$302m in 2020. Any unutilized balances are expected to be held in the Crisis Reserve Facility to enable rapid response to unforeseen crises.

The fundamental problem that the AU Assembly's Financing Decisions intended to address is the lack of predictable and sustainable financing for operational peace and security activities, particularly AU mandated or authorized peace and security Operations (PSOs). The contributions by the Member States were assessed using the existing AU scale of assessment. The total contribution at the reporting date amounted to US\$247 million. Member State contributions to the Peace Fund have been deposited in a separate bank account in ECOBANK, Kenya. Currently, AUC has invested these funds in short term investments with ECOBANK, Kenya and Standard bank, South Africa and generated an interest of US\$11.3.

46. African Union Pension Fund

The African Union is establishing the African Union Pension Fund. The Scheme's Rules and Trust Deed were approved in February, 2021 by Executive Council decision EX. CL 1293(XXXIX) IV and this was subsequently approved by the STC on legal matters in September, 2021.

47. Contingent liabilities

There are 46 pending legal suits against the African Union before the Tribunal as at the reporting date with estimated cost of US\$4 million.

NOTES TO THE FINANCIAL STATEMENTS (continued)

48. Budget Preparation

The Africa Union presents is approved budget on a cash basis and the financial statements on the accrual basis.

- a) The AU annual budget is approved on a cash basis by functional classification of thematic areas. There are eight thematic areas namely: a) Consolidating Peace and Security (b) Service Delivery, Capacity Development, Partnership and Outreach (c) Institutional Reform and Renewal (d) Enhancing Africa's Role and Position in Global Context (e) Advancing Continental Integration (f) Governance Human Rights and Institutions (g) Investing in the African People (h) Flagship Projects of Agenda 2063 (i) Economic Transformation, Inclusive Growth and Environmental Sustainability (j) Advancing Continental Integration. The approved budget covers the fiscal period from January 1, 2021 to December 31, 2021, and includes all liaison offices, regional offices, specialized offices, AU organs and the AU Headquarters. (prepared in accordance with IPSAS 6, Consolidated and Separate Financial Statements.).

The adjusted initial budget of \$623.8m was approved via executive council decision EX.CL/Dec.1107(XXXVIII) and additional supplementary requests amounting to \$102.9m via executive council decisions EX.CL/Dec.1107(XXXVIII) and EX.CL/Dec.1126(XXXIX). The detailed objectives of the budget are contained in the 2022 Budget Framework paper that highlights the key priorities and thematic areas of focus of the Union in line with first ten-year implementation plan of agenda 2063 and the flagship projects enshrined in the Agenda 2063.

- b) The effects of Covid-19 pandemic continued to affect the operations of the organization as there was a significant reduction on the receipts of funds from partners and Member states compared to the 2020 financial year. In addition, the extended impact of the pandemic affected the financial performance of the AU in-terms of budget execution.
- c) The resultant reduction on contributions to the Union budget from the 2 main sources of funding inter-alia Member States and International Development partners led to the exploration of other sources of financing which included the Maintenance Fund, Reserve Fund and Administrative Cost Fund.
- d) The AU Institutional development partners continues to finance a significant part of the program budget as the Member States financing continues on a downward trend.
- e) The budget and the accounting bases differ as the AU financial statements are prepared on accrual basis with expenditures classified by the nature of the expenses in the statement of financial performance while the AU budget is prepared on a cash basis with proposed expenditures classified by component in-line with Article 12 para 3 of the AU FRR. A statement of comparison of budget vs actual is prepared to align the budget to the accrual basis of presentation of financial statements.
- f) The amounts in the financial statements were recast from the accrual basis to the cash basis while the amounts in the budget were reclassified to expenditure by nature. In addition, adjustments to amounts in the financial statements for basis differences associated with the continuing appropriation and differences in the reporting entities were made to express the actual amounts on a comparable basis to the final approved budget. The amount of these adjustments are identified in the following table.

Reconciling Items due to Timing differences	Amount '000
Prior year expenses	27,451
Employee Benefits	3,539
Subvention to Organs	61
Provision for doubtful debts	8,933
Exchange Loss	935
Depreciation	<u>10,218</u>
Total	<u>51,137</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

49. Prior Year Adjustments

At the reporting date, the African Union Commission made certain prior year adjustments to reinstate opening balances. These adjustments include the following:

- a. Transfer of US\$571,137 from Acquisition of AU Properties to Reserve Fund-Asset Reserve;
- b. Transfer of US\$48,449 from Reserve Fund-Asset Reserve to Maintenance Fund;
- c. Reclassification of US\$13,732,847 wrongly classified as due from Development Partners.

APPENDICES

APPENDIX – I
 AFRICAN UNION

STATEMENT OF FINANCIAL PERFORMANCE - SEGMENT REPORTING FOR THE YEAR ENDED 31 DECEMBER 2021

	AUC HQ + L.O	Specialized agencies and Permanent representation offices	Organs	AU total
	USD	USD	USD	USD
REVENUE				
Member States' Assessed Contributions	(203,500)	-	-	(203,500)
Voluntary Contribution	-	(762)	(2,085)	(2,847)
Partners Funds - Realized	(319,603)	(6,187)	(17,913)	(343,703)
Other Revenue	(3,214)	(194)	(1,092)	(4,501)
TOTAL REVENUE	(526,316)	(7,143)	(21,091)	(554,550)
EXPENSES				
General Operating Expenses				
Staff Costs	123,335	30,274	40,618	194,227
Subventions to AU organs	61	-	-	61
Expert fees	11,077	3,262	7,641	21,980
Exchange loss (net)	(2,570)	728	907	(936)
Official Missions	15,199	3,533	10,872	29,603
Other Subventions/Grants	2,933	-	-	2,933
Grants and Donations	10,401	2,194	1,870	14,464
Employee Benefit	2,159	(343)	1,723	3,539
Provision for Bad Debt	8,804	-	129	8,933
Depreciation	5,918	3,781	519	10,218
Operating Costs	46,450	3,978	5,388	55,817
Peace and Security Operations	204,603	22	-	204,624
Low Value Asset	1,147	249	169	1,565
Financial Charges	222	97	358	678
Office supplies and Services	9,452	626	719	10,797
TOTAL EXPENSES	439,193	48,399	70,913	558,505
EXCESS OF REVENUE OVER EXPENSES	(87,123)	41,256	49,822	3,955
Segment assets	1,730,809	125,447	55,375	1,911,631
Segment liabilities	615,911	28,758	33,179	677,847
Segment net assets	1,114,897	96,690	22,196	1,233,783

APPENDIX – II AFRICAN UNION
 STATEMENT OF DUE FROM DEVELOPMENT PARTNERS

			2021	2020
Responsible Division/ office	Account	Partners/Fund Name	US\$'000	US\$'000
CDC	300263	Support to Ebola Outbreak in West A	626	626
CDC	300297	China Support to Africa CDC	69	28
CDC	300335	Japan Support to Africa CDC 2nd Phase	1	-
CDC	300391	Africa CDC COVID-19 Response	50	-
CIEFFA	300367	Norway Support to AU- RAF-17/0069-6	362	-
Geneva	300245	UNECA Technical Assistance to AU	240	240
CDC	300412	AfDB Support to Africa CDC	603	-
ERM	300055	Save The Children - Forum	1	1
ERM	300080	JFA	1,398	1,398
ERM	300170	AUC-JPA- Capacity Building	1,545	1,545
ERM	300172	Luxemburg Agency for Development Cooperation	-	(70)
ERM	300215	USAID disbursement to AU	153	-
ERM	300261	Equatorial Guinea Contribution for	83	83
ERM	300289	Ford Foundation Phase II	-	2
ERM	300304	Kenya Support to the African Institute of Remittance	-	164
ERM	300305	AU Support Programme III - EC 51 Million	2,104	-
ERM	300312	Global Monitoring for Environment and Security	1,556	-
ERM	300396	Neth RCS Support to Climate Chang	1	-
PAU	300237	ADF 45M Grant to PAU	-	7,976
PSD	400211	EU SUPPORT to AFISM-CAR	27	27
PSD	400242	EU Interim APSA Support Program	80	80
PSD	400257	EC CONTRIBUTION TO AMISOM XVII	-	2,008
PSD	400272	EC Support to AMISOM XVIII	-	2,404
PSD	400273	Danish Support APP IV	-	1,620
PSD	400282	EC SUPPORT TO AMISOM XX	13,711	15,196
PSD	400316	EU support to AMISOM XXII	103,440	-
PSD	400317	EU support to CAR PSO-MOUACA	-	172
IBAR	300121	EU Contribution to ALIVE	-	(5,652)
IBAR	300234	Administrative cost -IBAR Partners	278	(2,736)
IBAR	300259	FISH GOVERNANCE PROJECT	(278)	(278)
IBAR	300345	EU AUSPIII-51million - AU IBAR	-	(322)
IBAR	300388	Norwegian Fund IBAR	-	27
IBAR	300401	EU Contribution to FISHGOV2	-	(3,634)
IBAR	500139	NEPAD	337	-
New York	300367	Norway Support to AU- RAF-17/0069-6	117	-
ERM	300390	African Union COVID-19 Response	7,427	-
ERM	300391	Africa CDC COVID-19 Response	10,402	-
			144,333	20,905
		Provision	(3,103)	(3,103)
		Organs	1,050	814
			142,280	18,617

APPENDIX – III
 AFRICAN UNION
 STATEMENT OF DUE TO DEVELOPMENT PARTNERS

			2021	2020
Responsible Division/Office	Account	Partners/Fund Name	US\$'000	US\$'000
ACRST	300354	Partner Accounts: Algeria	99	99
ACRST	300355	Partner Accounts: Allemgne	2	2
ACRST	300356	Partner Accounts: EU	(34)	(34)
ACRST	300357	Partner Accounts: UE-Foint Focaux	(82)	(82)
ACRST	400013	Canadian Contribution	(41)	(41)
CDC	300405	WB Support to Africa CDC	(2,663)	-
CDC	300412	AfDB Support to Africa CDC	(6,272)	-
CIEFFA	300367	Norway Support to AU- RAF-17/0069-6	(300)	-
Geneva	200056	INC Meetings	(28)	(28)
Geneva	200058	AFRICAN GROUP	(14)	(14)
Geneva	200059	DFID project balance for Admin	(42)	(42)
Geneva	200060	South Africa Donation	(51)	(51)
Geneva	300245	UNECA Technical Assistance to AU	(216)	(216)
Geneva	300266	EU Project Funds to Geneva office	20	20
CDC	300263	Support to Ebola Outbreak in West Africa	(1,645)	(1,642)
CDC	300297	China Support to Africa CDC	(207)	(224)
CDC	300308	AfDB Support to Support Crises Response	(222)	(222)
CDC	300324	Japan support to Africa CDC	(9)	(9)
CDC	300335	Japan Support to Africa CDC 2nd Phase	(391)	(486)
CDC	300379	PMS US Support to Africa CDC	(1,119)	(178)
CDC	300384	Africa Against Ebola	(61)	(61)
CDC	300387	Kuwait Support for Africa CDC	(2,048)	(2,048)
CDC	300390	African Union COVID-19 Response	(16,230)	(16,454)
CDC	300391	Africa CDC COVID-19 Response	(59,007)	(36,133)
CDC	300405	WB Support to Africa CDC	(1,437)	(1,582)
CDC	300412	AfDB Support to Africa CDC	603	-
ERM	200028	UNECA	(37)	(37)
ERM	200029	Org'n Int'l Du Travail	(42)	(42)
ERM	200051	Kuwait Support Fund	(332)	(332)
ERM	300018	Spain Fund	(1,124)	(3,817)
ERM	300047	Embassy of the Republic of Turkey	(4,330)	(4,349)
ERM	300065	China Contribution to AU	(1,784)	(33)
ERM	300086	French Cont. to ECOSSOC	(61)	(61)
ERM	300106	United Nation Environmental Program	(7)	(7)
ERM	300107	Algeria Electoral Assistance Fund	(181)	(181)
ERM	300172	Luxemburg Agency for Development Cooperation	(70)	-
ERM	300190	Rockefeller Foundation	(9)	(12)
ERM	300195	International Food Policy Research Institute	(49)	(49)
ERM	300215	USAID disbursement to AU	-	(18)
ERM	300225	South African Voluntary Contribution	(73)	(172)

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			2021	2020
Responsible Division/Office	Account	Partners/Fund Name	US\$'000	US\$'000
ERM	300244	South Korea Contribution to AUC	(3,441)	(2,120)
ERM	300255	AU-AfDB PIDA	-	(120)
ERM	300268	World Bank - 27M	(2)	(234)
ERM	300270	Nigeria Election Assistance Fund	-	(1,000)
ERM	300274	African Development bank support for age	(19)	(19)
ERM	300278	EC Support for PANAF	(374)	(374)
ERM	300279	ECA support for Trade and Industry CFTA	(10)	(10)
ERM	300280	SUPPORT TO AUC-GIZ - FA-2015-83202328	(4)	(4)
ERM	300282	EU support for ACP DRR programme	(17)	695
ERM	300283	DFID Support to Trade and Industry Programme	(163)	(163)
ERM	300285	US Drug Control - INL Grant	(1,448)	(983)
ERM	300289	Ford Foundation Phase II	(38)	(39)
ERM	300294	Italy Capacity Building for small hydrop	(70)	(70)
ERM	300298	Italian Support to the AUC-DPA	(121)	(191)
ERM	300299	EC AU Research Grants	(7,043)	(10,413)
ERM	300302	Japan Support to AU Women & Gender	(82)	(82)
ERM	300305	AU Support Programme III - EC 51 Million	-	(1,758)
ERM	300310	EU support for ACERWC	(67)	(70)
ERM	300311	AU-JFA Support to WGD Programme	(7)	(11)
ERM	300312	Global Monitoring for Environment and Security	(23)	(6,895)
ERM	300314	BGMF Support to PACA II	(243)	(836)
ERM	300320	Canadian Support to Common Vision	(51)	(51)
ERM	300322	UNF Support to AUC-17887	(6)	(12)
ERM	300323	Ford Support to HRST Phase 4 GN-01	(222)	(222)
ERM	300326	AFDB Support	(41)	(77)
ERM	300328	Bill and Melinda Gates Foundation	(15)	(49)
ERM	300329	USA support	(160)	(343)
ERM	300330	GIZ support to CFTA-Contract No. 81	-	(3)
ERM	300332	FAO Support to AU	(36)	(36)
ERM	300339	UNECA Support to The African Union	-	(84)
ERM	300341	UK Support to Social Affairs Department	(279)	(383)
ERM	300346	UNDP Support To Africa Mining Project	(30)	(30)
ERM	300348	China Support to AU Office in Beijing	(41)	(41)
ERM	300349	Italy Support –Renewable Energy Cap	(419)	(419)
ERM	300364	Estonia Support to AU	-	(15)
ERM	300366	GIZ Support to AMIC- 81226354	(177)	(177)
ERM	300367	Norway Support to AU- RAF-17/0069-6	(1,224)	(1,456)
ERM	300368	AU Institutional Reform	(3,434)	(3,585)
ERM	300371	AU Support Programme IV- EC 30 Million	(12,493)	(11,452)
ERM	300378	Alliance for a Green Revolution in	(56)	(182)

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			2021	2020
Responsible Division/Office	Account	Partners/Fund Name	US\$'000	US\$'000
ERM	300380	Danish Electoral support fund	(155)	(1,050)
ERM	300381	Ford Support End Child Marriage in	(142)	(189)
ERM	300382	GIZ Support to AUYVC	(3)	(3)
ERM	300385	Open Society support to DREA	(220)	(202)
ERM	300389	JFA Basket Fund	(4,461)	(2,854)
ERM	300392	WB Additional Financing 15mln	(3,488)	(761)
ERM	300393	EXPO 2020 DUBAI	(265)	(300)
ERM	300394	MARS Support to AU-PACA 2020	-	(40)
ERM	300395	WFP Support to AUYV	(3)	-
ERM	300396	Neth RCS Support to Climate Chang	(18)	(140)
ERM	300397	Global Framework on Climate Ser (GFCS)	(6,302)	-
ERM	300398	INTRA-ACP GLOBAL CLIMATE CHANGE(GCC	(2,470)	(7,036)
ERM	300399	AfDB Support to AfCFTA	(709)	(176)
ERM	300400	AFREXIMBANK Support to AfCFTA	(422)	(52)
ERM	300406	Government of Ghana Support to AfCF	(43)	(41)
ERM	300407	South Africa Support African Women Le	(549)	(549)
ERM	300408	Open Society Foundation 1mln by 2021	(4)	-
ERM	300410	Japan Support for Rural Economy and Agriculture	(203)	-
ERM	300411	Nigeria Support to BCP	(33)	-
ERM	300415	WB Support HISWA Project FCY	(721)	-
ERM	300420	China Support Women and Youth Emplo	(314)	-
ERM	300422	EU Support - GMES PHASE II	(5,403)	-
ERM	300423	EU Support - Disaster Risk Governan	(1,497)	-
ERM	300424	UNDP Support to DRR	(155)	-
ERM	300425	UNDP Dvpt Mineral Programme	(262)	-
ERM	300426	Denmark Support Special Envoy Women	(233)	-
ERM	300427	GIZ SUPPORT TO ACFTA-AUYVC	(156)	-
PAU	300237	ADF 45M Grant to PAU	-	(7,976)
PSD	300240	Administrative cost from Partners-P	(29,465)	(30,757)
PSD	300359	Peace Funds : US FUND	-	-
PSD	400015	China Contribution for AMISOM PSCHIN01	(6,401)	(5,573)
PSD	400034	Finland Contribution PSFINL01	(198)	(218)
PSD	400039	German-African Border Project PSGERM02	-	(103)
PSD	400043	Italian Contr.Somalia (AMISOM) PSITAL02	(1,029)	(1,643)
PSD	400075	Sweden Contr. to AMISOM	-	(85)
PSD	400093	Danish Contribution to AMISOM	(799)	(1,808)
PSD	400097	GTZ Grant for ASF Police Component	-	(89)
PSD	400112	Italy Contribution to AUHIP	-	(28)
PSD	400121	PSD Joint Salaries Fund	(666)	(557)
PSD	400140	Luxemburg contribution to SSR	-	(1)
PSD	400145	EU Contribution to APSA	(1,144)	(1,144)

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			2021	2020
Responsible Division/Office	Account	Partners/Fund Name	US\$'000	US\$'000
PSD	400147	Indian Contribution for AMISOM	(2)	(547)
PSD	400151	JFA Partners to AULO	(6,748)	(6,556)
PSD	400177	EU Support To Training Institute	(103)	(103)
PSD	400185	Russian Fed. Contribution to PSO&RR	(380)	(385)
PSD	400191	Republic Of Turkey Contribution AMI	-	(104)
PSD	400202	Member States Contribution AFCONE	-	(33)
PSD	400210	USA Contribution for Defence & Secu	(10)	(10)
PSD	400214	APP-III Danish african programme fo	-	(9)
PSD	400218	Kenya Contribution to ASF	(750)	(750)
PSD	400221	EC SUPPORT TO C3IS	-	(14,122)
PSD	400230	UK contribution to MNJTF	(918)	(918)
PSD	400234	Norway Contribution to gender sp.en	(19)	(19)
PSD	400238	SWITZERLAND contribution PSD	(9)	(105)
PSD	400239	ERM II	(1,262)	(1,121)
PSD	400248	EU SUPPORT TO MNJTF	(9,293)	(10,256)
PSD	400250	EC Contribution to APSA III	(2,459)	(2,454)
PSD	400253	EU support to Human right observer	-	(205)
PSD	400255	United Nations Support for PSD	(300)	(300)
PSD	400256	UN Support for SALW-PSSM	-	(45)
PSD	400264	UNDP support AMISOM Police project	(229)	(229)
PSD	400266	GIZ Support to AU EARLY RESPONSE	(29)	(29)
PSD	400267	Kazakhstan Support to AMISOM	(137)	(137)
PSD	400268	Republic of Korea contribution to P	(11,223)	(10,201)
PSD	400271	EC SUPPORT TO GDTC-AMISOM	(632)	(632)
PSD	400273	Danish Support APP IV	(1,462)	-
PSD	400275	EU support to AMISOM XIX	-	(7,590)
PSD	400276	Norway Contribution to PSD	(505)	(2,555)
PSD	400277	EC Support AUHIP	(158)	(158)
PSD	400278	Government of Canada support to PSD	(56)	(56)
PSD	400279	Japan support to lebel II hospital	(2,700)	(2,700)
PSD	400282	EC SUPPORT TO AMISOM XX	(2,260)	-
PSD	400305	Military Expert and HRO Phase II Bu	(1,964)	(2,783)
PSD	400306	Ireland support to PSD Irish Aid	(143)	(168)
PSD	400309	Japan support to PSD-2020	(350)	(313)
PSD	400310	EU support to AMISOM XXI	4,726	4,726
PSD	400311	EU support to APSA IV	(8,132)	(9,727)
PSD	400312	DFATD of Canada support to PSD	(538)	(352)
PSD	400314	Germany contribution to Gambia Pha	-	(168)
PSD	400315	Humanitarian Assistance Fund	(1,098)	(1,098)
PSD	400317	EU support to CAR PSO-MOUACA	(4,946)	-
PSD	400318	EU support to ERM III	(6,889)	(7,168)

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			2021	2020
Responsible Division/Office	Account	Partners/Fund Name	US\$'000	US\$'000
PSD	400319	EU support to MNJTF II	(3,069)	-
PSD	400321	GERMAN SUPPORT TO BORDER PROGRAM	(167)	-
PSD	400322	Sweden contribution to AULO in DRC	(815)	-
PSD	400324	Portugal Support to FEMWISE Mediato	(17)	-
IBAR	300121	EU Contribution to ALIVE	(4,932)	-
IBAR	300234	Administrative cost -IBAR Partners	(2,785)	-
IBAR	300345	EU AUSPIII-51million - AU IBAR	(199)	-
IBAR	300388	Norwegian Fund IBAR	(6)	-
IBAR	300401	EU Contribution to FISHGOV2	(2,607)	-
IBAR	300403	USDA – IBAR	39	-
IBAR	300419	AU-IBAR Aquatic Biodiversity Project	(1,429)	-
PAU	300237	ADF 45M Grant to PAU	(162)	(162)
AIR	300344	EU AUSPIII-51Million - AIR	169	151
AIR	300304	Kenya Support to the African Institute of Remittance	(941)	(1,112)
			(277,182)	(255,728)
		Organs	(19,226)	(15,321)
			(296,408)	(271,049)

APPENDIX – IV
 AFRICAN UNION
 STATEMENT OF MEMBERS STATES CONTRIBUTIONS RECEIVED IN ADVANCE

Account	Member State	2021 US\$'000	2020 US\$'000
10000	Algeria	-	(9,619)
10001	Angola	-	(1,035)
10004	Burkina Faso	-	(74)
10006	Cameroon	-	-
10007	Cape Verde	(16)	-
10010	Cote d'Ivoire	(8,286)	(412)
10012	Djibouti	-	(581)
10016	Ethiopia	-	(550)
10018	Gambia	(433)	-
10023	Madagascar	-	(1)
10024	Malawi	(56)	(56)
10025	Mali	-	(41)
10026	Mauritania	(16)	-
10029	Namibia	-	(128)
10030	Niger	-	(1,534)
10031	Nigeria	(446)	-
10032	Rwanda	(1,610)	(86)
10034	Sierra Leone	(43)	(43)
10039	Togo	-	(71)
10040	Uganda	(408)	-
10041	Zambia	(220)	(220)
10042	Zimbabwe	(154)	(154)
10047	Guinea-Bissau	(146)	-
10051	Morocco	-	(23)
		<u>(11,834)</u>	<u>(14,628)</u>