

DRAFT CONCEPT NOTE

**RETREAT OF THE COMMITTEE OF FIFTEEN MINISTERS
OF FINANCE (F15)**

Rabat, Kingdom of Morocco

13-14 June, 2022

A. Background

1. A Retreat of the Committee of F15¹ Ministers is envisaged, under the theme: “Beyond COVID-19 pandemic and the Russia-Ukraine Conflict: Enhancing the Resilience of African Economies and Financial Sustainability of the African Union”.
2. Budget and financial reforms are an essential part of achieving the African Union (AU)’s Agenda 2063 and lie at the heart of the on-going institution-wide reforms at the organization. They represent a concerted effort by the AU Policy Organs to ensure that AU is financed in a sustainable, predictable and accountable manner.
3. The Decision taken in Johannesburg in 2015 to progressively (over 5 years) have Member States assume more responsibility for the financial autonomy of the Union (Assembly/AU/Dec.578(XXV)) and the Kigali 2016 Decision to institute and implement the 0.2% levy on all eligible goods into the Continent to finance Member States contributions to AU budgets and the Peace Fund (Assembly/AU/Dec.605(XXVII)) were historic and directly addressed the challenges related to the revenue side of the AU balance sheet.
4. Equally important and to respond to a call by Member States for transparent, accountable and prudent management of resources, the Assembly established the Committee of Fifteen Ministers of Finance (F15). The mandate of F15 has been expanded over time, and currently covers five areas as follows:
 - (i) Participate in the preparation of the annual budget of the African Union (Assembly/AU/Dec.605(XXXVII));
 - (ii) Assume responsibility for oversight of the African Union budget and Reserve Fund;
 - (iii) Develop a set of golden rules establishing clear financial management and accountability principles (Assembly/AU/Dec.635(XXVIII)).

¹ F15 comprises the following member countries: Algeria, Morocco, Egypt, Nigeria, Cote d’Ivoire, Ghana, South Africa, Namibia, Botswana, Kenya, Ethiopia, Rwanda, Congo, Cameroon, Chad

- (iv) Address challenges faced by Member States in implementing the 0.2% levy on imports towards financing the African Union (Assembly/AU/Dec.641(XXVIII))
 - (v) Be part of the reconfigured Ministerial Committee on Scale of Assessment and Contributions (EX.CL/Dec.1020(XXXIII)).
5. As per the recommendations of the meeting of the Ministers of Finance held on 9 August 2017, the F15 is expected to meet at least twice a year to take stock of the implementation of Assembly and Council Decisions on Financing the African Union. In addition, the Committee is required to address specific emerging issues with respect to financial management systems and budget processes with a view to identifying appropriate strategies and remedial measures including cross-checking the general coherence and consistency of Decisions.
 6. Such emerging issues are COVID-19 and the Russia-Ukraine conflict. The combined aftershocks of the pandemic and conflict are profoundly affecting growth prospects of the African Continent, leaving Member States with little fiscal room to satisfy the needs of their population and meet their financial commitments to the Union.
 7. Accordingly, a Retreat is hereby organized to provide a platform for the F15 to discuss the aforementioned matters including recommending innovative bounce-back strategies. The F15 will also take the opportunity to assess its own performance.

B. Objectives

8. The overall objective of the retreat is to provide an opportunity to the F15 to review the financial sustainability of the African Union in the context of on-going budget and financial reforms, taking into consideration the lessons learnt for post-COVID-19 and conflict recovery , and propose enhancements to the Financing of the Union. The specific objectives of the Retreat are:
 - (i) To review the emerging national, continental and global policy issues, including COVID-19 and the Russia-Ukraine conflict, and their implications on the financial sustainability of the African Union, and brainstorm on innovative strategies to support national economic recovery and capabilities to sustain the financing of the Union;
 - (ii) To consider the status of the implementation of the Golden Rules for financial management and accountability principles;
 - (iii) To reflect on the work of F15 in respect of its mandate which entails participation in the budget process, oversight responsibilities, administration of Member States contributions and implementation of the 0.2% levy on imports;

- (iv) To review and finalize the working methods of F15, including its rules of procedure.

C. Expected Outcomes

- 9. The expected outcome of the Retreat will be a Declaration that will be forwarded to the July 2022 Executive Council session for consideration and later to the Assembly in 2023 for adoption. The Declaration will include the following:
 - (i) Recommendations on key policy considerations for fast-tracking Africa's economic recovery and resilience as a backbone to improving financial sustainability of the African Union;
 - (ii) Assessment of the extent of implementation of the current Golden Rules, their effectiveness in improving the financial health of the AU and recommendations and proposals for their revision if required.
 - (iii) Clarity on the interpretation of Decisions that define the mandate of the F15 including generation of ideas and recommendations on deepening coordination and collaboration with other oversight bodies, as well as the desired Secretariat support services;
 - (iv) Adoption of the Rules of Procedure of the F15.

D. Structure of the Retreat

- 10. The Retreat shall be a two-day event organized in an open session on Day One and a closed session on Day Two, as follows:

a) DAY ONE- OPEN SESSION

- (i) **Post Covid-19 pandemic and the Russia-Ukraine conflict: Strategies and policy considerations for Economic Recovery and resilience.**

In this session, F15 Ministers will share experiences on economic recovery strategies, fiscal reforms as well as other innovative solutions that have been implemented in response to COVID-19. Ministers will also reflect on the current, emerging and future challenges facing the Continent such as the Russia-Ukraine conflict and their implications, with a view to charting a pathway to sustainable recovery and build resilient tax base.

- (ii) **African Union Financial Sustainability: Where Are We Now? What Are the Next Steps?**

In this session, the meeting will discuss AU financial sustainability in the context of the current emerging policy issues. They will examine the financial health of

the Organisation with focus on the status of implementation of the Golden Rules for financial management and accountability principles and other Decisions on Financing the Union. This session will also discuss the impact of COVID-19 and the Russia-Ukraine conflict on the capacity of Member States to honour financial obligations to the Union.

b) DAY TWO- CLOSED SESSION

(i) F15 Performance: Taking Stock and Enhancing Effectiveness

This session will take stock of how the F15 has performed over the last few years since the Committee was established in 2017 and propose improvements where necessary. More specifically, the meeting will evaluate the work of F15 in the following areas:

- Participation in budgetary and oversight statutory processes
- The administration of the Scale of Assessment and sanctions regime
- Involvement in providing political and technical leadership in the adoption of the 0.2% levy and addressing concerns raised by Member States in implementing the same
- Working methods, in particular its Draft Rules of Procedure

(ii) Consideration of the Draft Declaration

E. Participation

11. The retreat will draw participants from the Committee of Fifteen Ministers of Finance and F15 Experts, the African Union Commission which is central to the mandate of the F15, other relevant institutions of the AU (Representatives of the PRC and its relevant sub committees², AUDA-NEPAD and AfCFTA Secretariat).
12. Senior Officials from the following institutions will be invited to join the discussions and contribute insights: The AU Representative on Financing the Union and Peace Fund, the African Development Bank, and UN Economic Commission for Africa.
13. Additionally, the Retreat shall be facilitated by external resource persons from the Collaborative Africa Budget Reform Initiative (CABRI), an intergovernmental

² Bureau of the Permanent Representatives Committee, plus Chairpersons of Sub-Committees: General Supervision and Coordination of Budgetary, Financial and Administrative Matters; Audit Matters; and Programmes and Conferences.

organisation with extensive experience collaborating with the African Union Commission and African ministries of finance, budget and planning on financial management and budget reforms.

F. Venue and Date

14. The proposed venue and date for the retreat is Rabat, Kingdom of Morocco, from 13 to 14 June, 2022.

G. Contacts

15. All inquiries related to the Retreat shall be addressed to the following officers:

- Lulit Getachew Kitaw - LulitGK@africa-union.org, Cabinet of the Deputy Chairperson
- Silas Njacheun Ngahane - NgahaneN@africa-union.org, Cabinet of the Deputy Chairperson
- Ms Loula Ahmat Mahamat- LoulaA@africa-union.org, F15 Secretariat and Contributions Unit
- Ms Hilina Tadesse Hailemariam- HilinaT@africa-union.org, F15 Secretariat and Contributions Unit
- Mr Enock Ombagi Okara- OkaraE@africa-union.org, F15 Secretariat and Contributions Unit
- Mr Ramatlali Edward Nkhahle- nkhahler@africa-union.org, F15 Secretariat and Contributions Unit