

SANKOFA

BATO MALAMU SANKOFA WATA-WATA Produced by AUC/AHRM/ September-October 2017 #11



AFRICAN UNION

Self-reliance process through the Institutional Reform



EDITORIAL

H.E. Moussa Faki Mahamat
Chairperson of the African
Union Commission.

This case study of our current efforts to accelerate, reinforce and ensure service delivery to our stakeholders, which are ultimately the African citizenry, is an important step to the Africa We Want. The road remains long but I am confident that together we can succeed.

If the Heads of State signed upon these reforms, it is because they are fully cognizant of the stakes and the urgency to respond to the needs and aspirations of our people in our ability to finance our Union. The world is changing, and we must be able to evolve, with our distinct values as Africans.

As we continue on the journey on how to make our Union fit for purpose, it is important to take stock of some of the far reaching progress we have already made in terms of working towards the dream of a more united, peaceful and prosperous Africa.

One of the most significant projects that Member States have, is the implementation of the Continent-wide dream of free movement of people in Africa. The Economic Community of West African States (ECOWAS) has already adopted a Protocol on the Free Movement of Persons, Residence and Establishment as far back as 1979. Today, ECOWAS citizens can travel to member states visa-free, including using an ECOWAS passport, a key component of regional mobility and identity, as called for by the African Union's Agenda 2063 towards the Africa We Want. This Commission was elected on the basis for the need for reform on how we do business as articulated by the African Head of States themselves.

The roadmap is clear as articulated in President Kagame's Report as informed by the January 2017 Reform Decision (Assembly/AU/Dec/635(XXVIII)). The reform has six main components which aim to Focus on key priorities with continental scope, Realign AU institutions, Connect the AU to citizens, Manage the business of the AU efficiently and effectively, Finance the AU sustainably and lastly the Implementation of the reforms as per the Decision.

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"Bato Malamu Sankofa wata-wata", is a combination of three African languages: Lingala (Bato malamu – Good People), Asante Twi (Sankofa – Return to the good history), and Hausa (Wata-wata – Monthly).

Financing the Union :

Africa's Predictable, Reliable and Sustainable Means of Financing

(Kaberuka Report)

Assembly/AU/Dec.6O5 (XXVII)
0.2% Levy on eligible import

Levy to
raise

\$1.2 Billion annually
100% Operational
Budget

25% BUDGET
OF THE PSO

75% PROGRAM
BUDGET

2016 BUDGET

\$416 MILLION

Member
States



41% \$247 MILLION

international
partner



59% \$169 MILLION

\$150 million
Operation
Budget

\$266 million
Program
Budget

2017 BUDGET

\$782 MILLION

Member
States



27% \$212 MILLION

international
partner



73% \$570 MILLION

\$493 million
Operation Budget
(Including
\$325 to
Peace Fund)

\$266 million
Program
Budget

NEED TO REALIGN

8 Commission
Directorates
11 AU
Organs
20 High level
committees

21 Departements
and officers
31 Specialised technical
agencies (STAs)
↑ Increase AU
relevance to citizen

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REFORM TEAM

1 Paul Kagame
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CEO of ECONET

REFORMING THE AFRICAN UNION: THE VITAL CHALLENGE OF IMPLEMENTATION



There is no shortage of ideas within Africa about how to create prosperity for the continent's peoples, and there is huge potential. But making the most of the opportunities ahead will increasingly require Africa's economies to work together, and for its institutions to improve their governance and performance. The African Union (AU) has a key role to play in this, but it needs to be more effective. The institution has previously launched several reform initiatives that have eventually foundered because of a lack of implementation.

President Paul Kagame of Rwanda, who led a review of the AU in 2016 to which I was privileged to serve as a member of the reform committee, summed up the challenge neatly in a speech in Addis Ababa in January of 2017. Noting that the AU has had a history of good intentions that have not translated into change on the ground, he said, "Serious problems were repeatedly identified. Solutions were found. Decisions were made to apply the solutions. And very little happened."

The report produced four key recommendations :

1. Enable the AU to finance itself in the long term;
2. Focus the organization on key priorities with continental scope;

3. Realign AU institutions to deliver against those priorities; and
4. Manage the business of the AU effectively in both political and operational terms.

Only through sustainable long-term financing can the AU follow an independent agenda that speaks to common priorities. Today, over 80 percent of the funding of the AU comes from donors, but in July 2016 a breakthrough AU proposal to charge a duty of 0.2 percent levy on the import of eligible items from outside Africa that would enable the AU to be self-financing was approved. This initiative which is in the process of being implemented is proof that AU decisions can be followed through and have real impact. The challenge now is to move on with implementation of the other three priorities.

The AU's proposed commitment to a smaller number of priorities namely political affairs, peace and security, Africa's global representation and voice, and economic integration represent a significant sharpening of the institution's focus versus the status quo. On the last of these, research by the McKinsey Global Institute (MGI) finds a huge economic and business opportunity within Africa, but one that can only be fully mined if the continent's current fragmentation is overcome.

The report found that household spending is expected to grow from \$1.4 trillion in 2015 to \$2.1 trillion in 2025. Spending by businesses is expected to grow from \$2.6 trillion to \$3.5 trillion in the same period. The research also found that Africa could nearly double its manufacturing output from \$500 billion today to \$930 billion in 2025. Three-quarters of that potential would come from manufacturing within Africa of some of the one-third of food, beverages, and similar processed goods that Africa currently imports. Meeting this demand affordably through imports in an environment of low commodity prices and weakening currencies may be challenging; meeting demand from home capacity makes more sense.

MAKING AFRICA GREAT AGAIN: REDUCING AID DEPENDENCY

However, Africa needs to overcome its current economic and political fragmentation to enable companies to tap these large opportunities. Consider that Africa today has eight different (partly overlapping) regional trade zones, but none of them includes more than half of Africa's countries. The two best-performing blocs are the East African Community and the Southern African Development Community, but they still only export 16 percent and 13 percent of goods, respectively, to trading partners within those blocs. For comparison, the equivalent figure in Association of Southeast Asian Nations (ASEAN) is around 20 percent.



Regional fragmentation hinders business activity and creates a fragmented, unproductive business landscape. The continent has few manufacturing and services hubs, which require scale to succeed. While Africa has 400 companies with annual revenues of above \$1 billion, when one excludes South Africa, this number is only 60 percent of the number one would expect. The average large African company has annual revenue of \$2.7 billion compared with \$4 billion to \$4.5 billion in other emerging economies. No African company is featured in the global fortune 500; Brazil and India, whose GDPs are similar to that of Africa as a whole, each boast seven companies on that list. Yet large African companies are, on average, growing faster and are more profitable than companies of the same size in the rest of the world, suggesting enormous potential. Increased integration would help Africa build more of these



large companies, thereby raising competitiveness and productivity, and creating more of the formal jobs that the continent desperately needs.

A reformed AU can help. Today, Africans need visas to travel to more than half the countries within the continent, it is easier for North Americans to travel within Africa than it is for Africans. We have already seen the institution's ability to take practical steps that bring down barriers to doing business across the continent with the African Union passport. The new passport will help enormously and now needs to be made available to all eligible citizens as quickly as possible. Many more steps need to be taken, MGI has argued, including reducing the time it takes for goods to cross borders, continuing to lower tariffs between countries, and driving closer integration of capital markets.

■ ■ ■



Acha Leke is a Johannesburg-based McKinsey senior partner, a member of the McKinsey Global Institute Council, and a member of President Kagame's AU Reform Committee.

The review recommends that the AU identify continent-wide services such as the provision of neutral arbitration and competition services, and a common technical platform for the data and analysis needed to assess progress toward Africa's development goals.

Africa faces many challenges, but will not meet any of them without capable leaders who have the vision, determination, skill, and commitment to implement reforms. Our own experience working with public-sector institutions across Africa persuades us that practical measures to ensure effective implementation should be the priority. The recommendations on reforms to the AU's leadership and working methods are therefore critical. First, the review recommended that the AU deputy chairperson and commissioners should be competitively recruited and that there should be a fundamental review of the organization's structure and staffing needs. Second, the AU's Heads of State Summits should focus on no more than three critical items, with other appropriate business being delegated to lower levels within the AU.

Three of the reform recommendations also acknowledge the need to overcome past challenges of implementation. These included recommendations to constitute a heads-of-state-level implementation supervision arrangement, to establish a reform implementation unit within the AUC Chairperson's office, and to create a legally binding mechanism that ensures that member states honor their commitments to implement reforms.

Only with effective implementation will the AU play the vital role Africa needs and, as President Kagame put it, "set our people on a path to dignity and prosperity. ●

*** **By Dr Acha Leke**

Article from <https://www.brookings.edu/>

STRUCTURE OF THE REFORM IMPLEMENTATION UNIT (RIU)

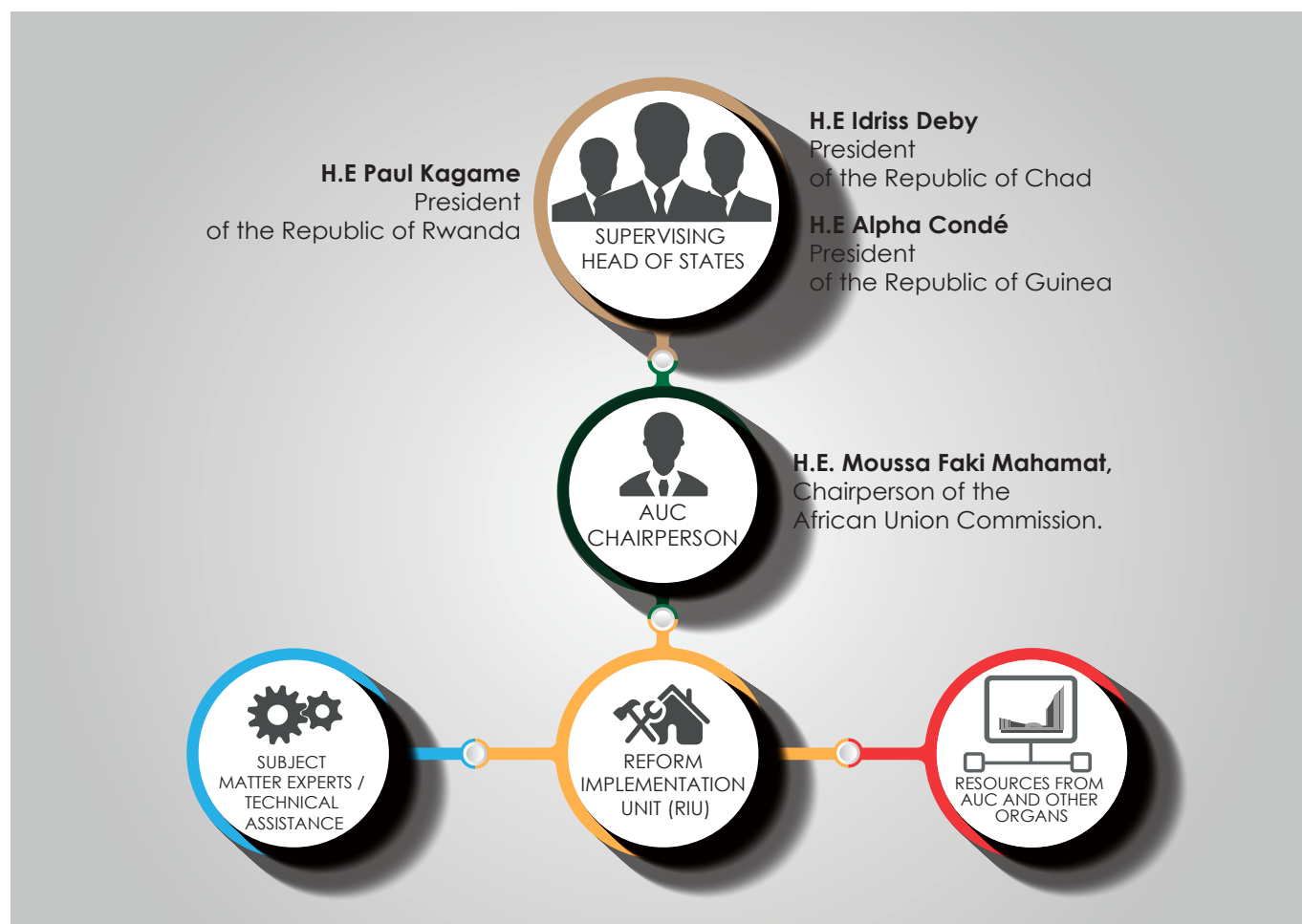
For a successful implementation of the reforms, a governance mechanism as well as implementation structure need to be formed to work in synergies with the existing AU Organs and AUC as well as other subject matter experts. Thus, on the Reform Supervision and Implementation Arrangements, H.E. President Paul Kagame leads the supervision of the reform implementation and the Presidency's responsible to provide update to the AU Assembly on the reform progress in collaboration with current

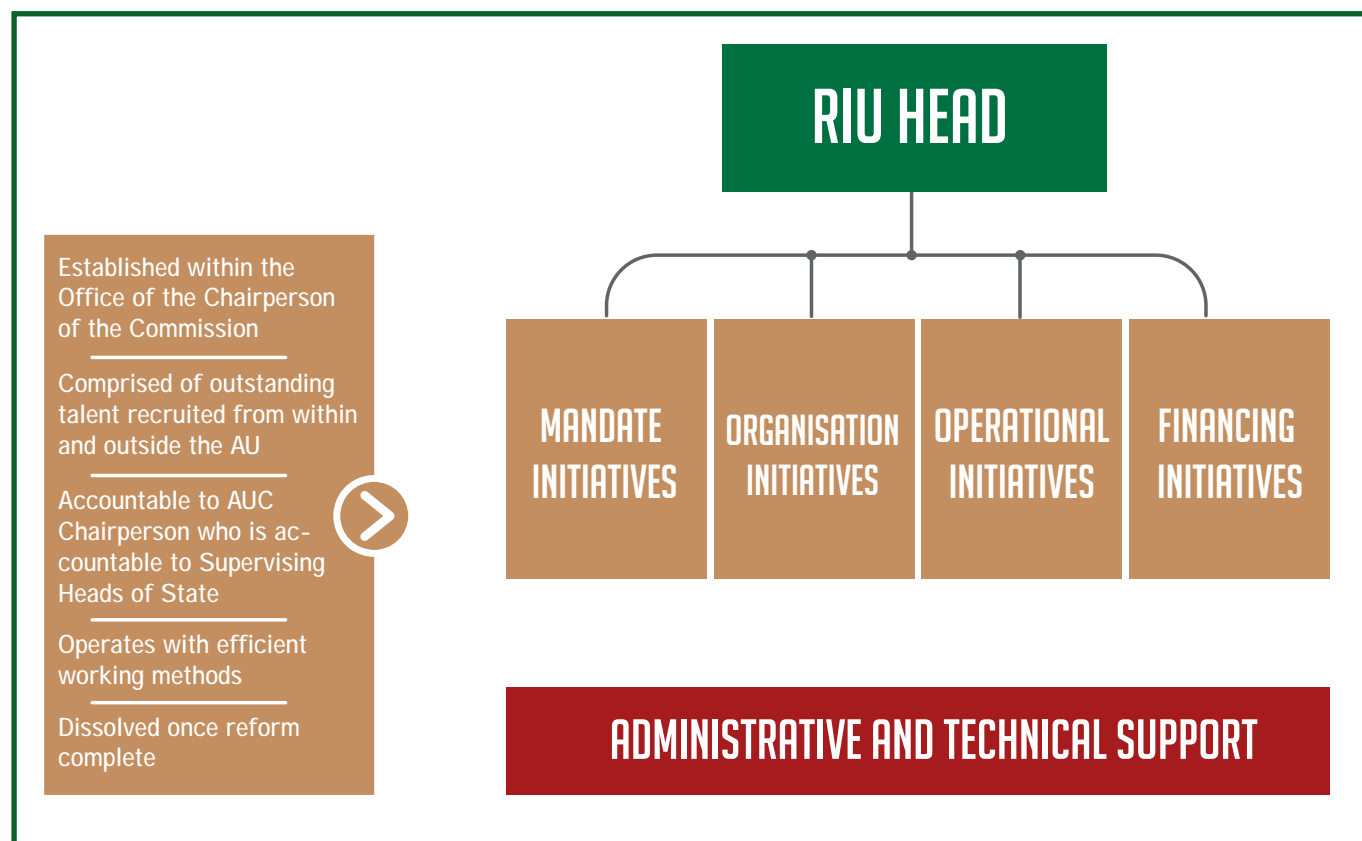
and outgoing AU Chairpersons (H.E. President Alpha Condé and H.E. President Idriss Déby Itno).

The AUC Chairperson will be responsible for implementing and coordination of the day-to-day activities to be deliver on reform process (See org chart below).

The reform is implemented based on the proposed timeframe (From January 2017 to January 2019).

Structure of reform implementation unit





FINANCING THE AFRICAN UNION BY AFRICANS

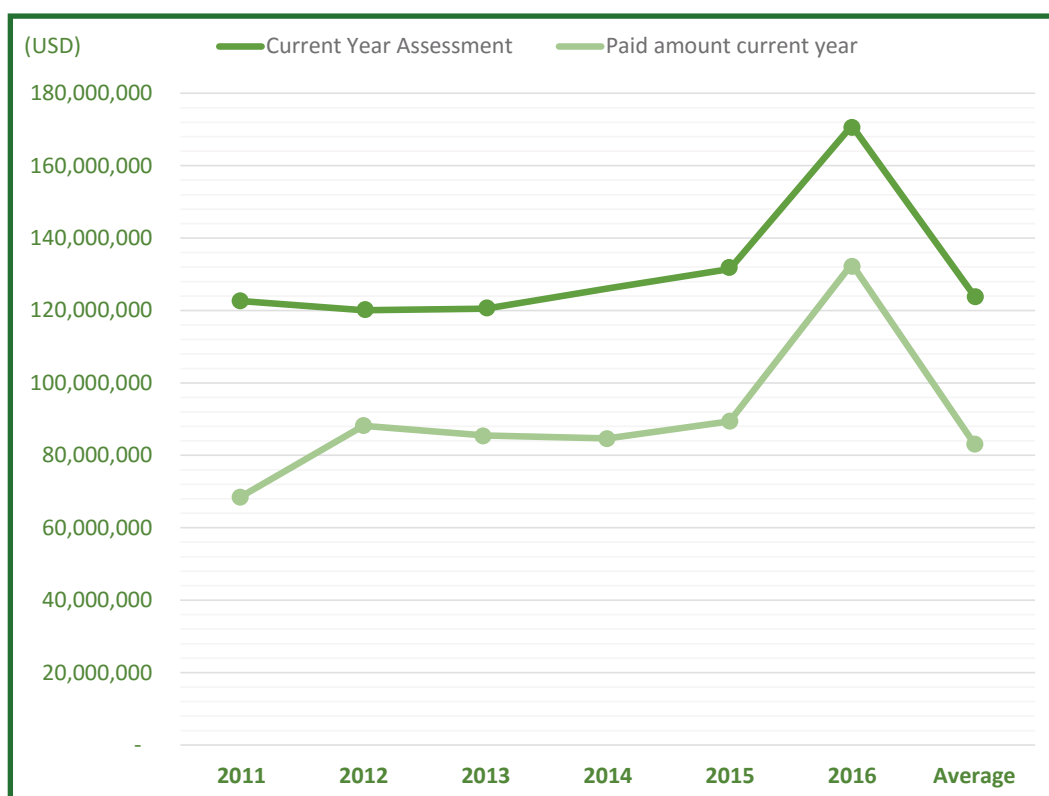
RATIONALE FOR SELF-FINANCING

The Vision of the African Union highlights integration as an important impetus for achieving sustainable economic growth and development, as well as of reducing poverty. In pursuing this dream, the Union is currently implementing the Agenda 2063, a long term blue print for development and growth in Africa with integration at the centre. Member States, on the other hand, are also pursuing programs that seek to transform and expand their economies, eradicate poverty and create employment for its growing youth population. A key challenge faced with Member States and the AU is the lack of adequate, reliable, predictable and sustainable resources to finance initiatives to accelerate the continent's integration and development aspirations. On the part of the African Union, its funding sources have not changed since the OAU and are no longer adequate with an ever expanding mandate and scope of work.

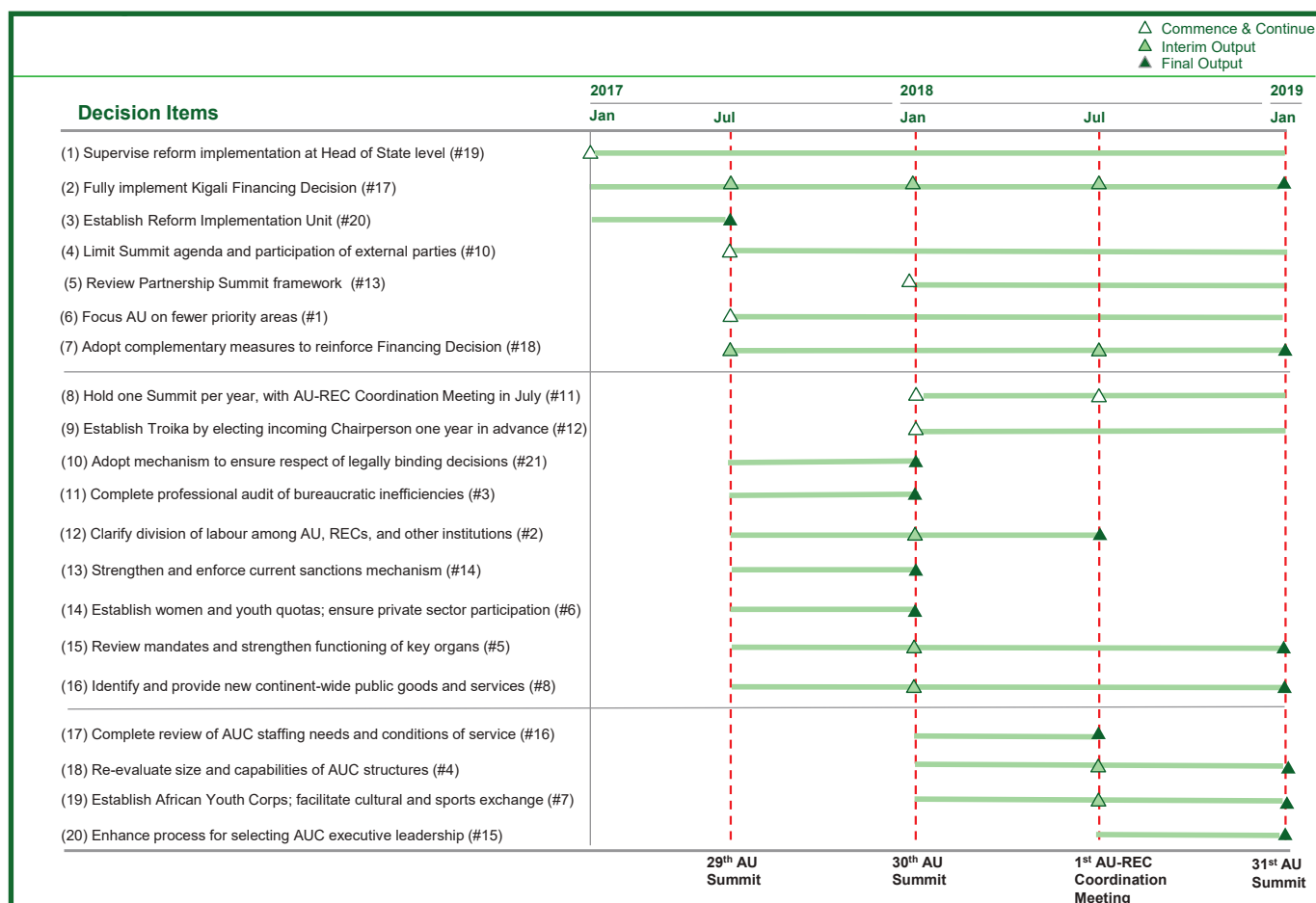
The funds assessed to Member States and resources from international partners remain the two main sources of financing the Union budget. In recent years, disbursement by international

partners has fallen short of the amount pledged while Member States has grappled with problem of arrears that immensely affected smooth functioning of the Union. Each year about 30 Member States default either partially or completely on average. The Chart below illustrate the pattern which compares the amount assessed to Member States in a year against what was actually collected. Collection from Member States assessed contribution stands at 69 per cent on average. It reached the highest in 2016 with 78 per cent of amount collected. Lowest collection in this series was recorded in 2011 with only 56 per cent.

Amount assessed to Member States in a year vs what was actually collected



Implementation Matrix

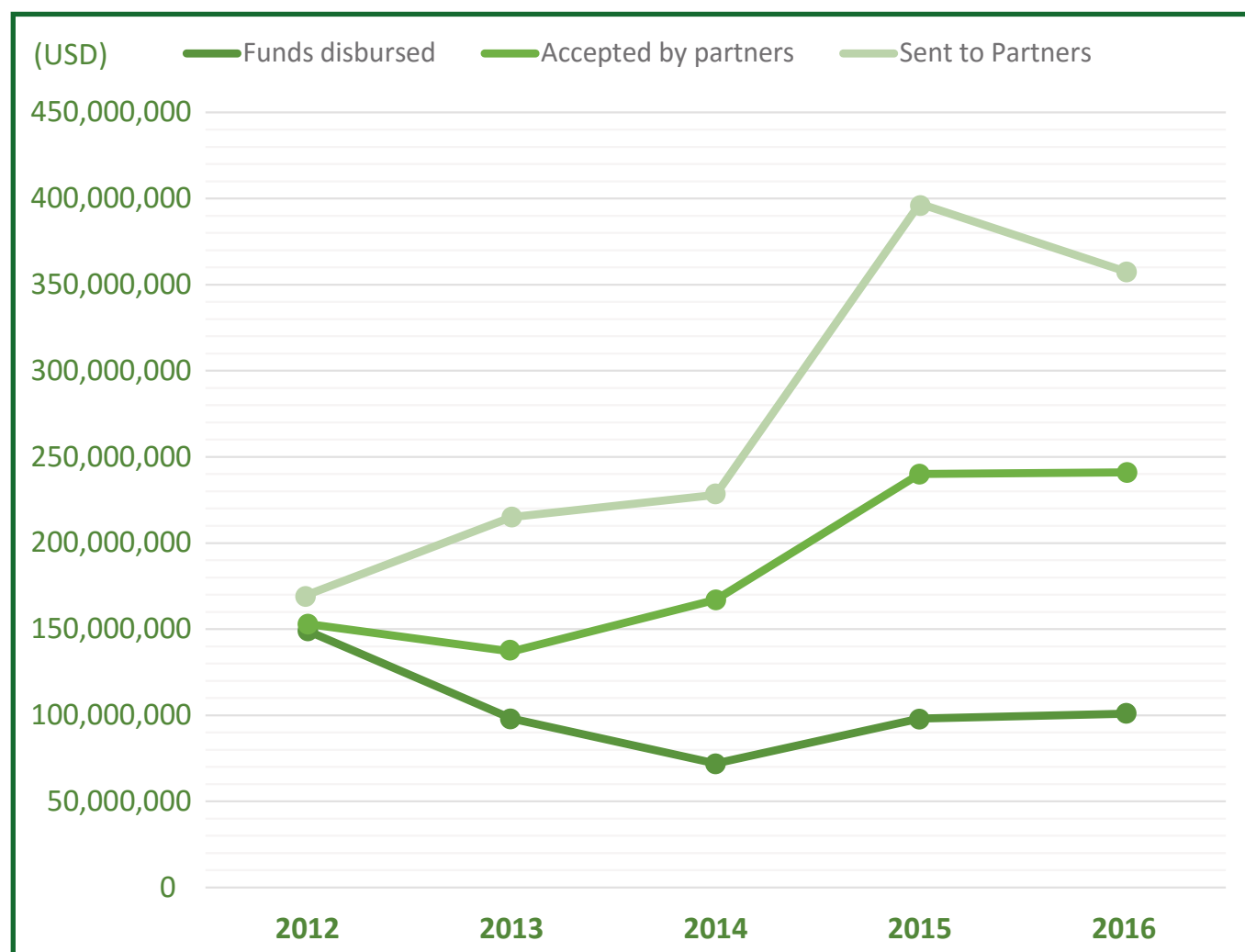


Payment of arrears has also not been impressive over the years. On average, only 59 per cent is settled. Most of it was cleared in 2012 reaching 86

per cent. The Table below shows the movement of Member States arrears over the six year period.

Payment of arrears

	2011	2012	2013	2014	2015	2016	AVERAGE
TOTAL ARREARS CARRIED FORWARD (USD)	44,627,381	72,407,058	44,046,085	49,324,362	76,323,063	54,851,054	68,315,801
ARREARS PAID (USD)	18,606,654	62,255,185	28,663,121	32,218,013	51,552,790	8,044,434	40,268,039
PAYMENT RATE	42%	86%	65%	65%	68%	15%	59%



On the other hand, international partner funding, although it continues to be the major source of financing the AU budget, has consistently fallen short of commitments and their support has steadily been on the decline. While the AU Program budget grew from US\$180 million in 2012 to just over US\$400 million in 2016, the actual disbursement of funds received annually from development partners over the period has not gone beyond US\$200 million in any given year. The above figure provides some insight on partner funding trend. On average, 71 per cent of value of the AUC Program budget that is presented to partners for funding consideration is selected for financing, and about 60 per cent of it is actually disbursed.

These and others justifies the African Union to look for innovative sources for financing its budget. Clearly, the above information point to the fact that Member States have failed to meet AU financing obligations, as such, it is only proper to look for other sources of financing so as to relive pressure off the Treasuries. Similarly, in order to achieve its development and integration goals, Africa ought to rely less on external partners and shoulder the responsibility of providing the entire AU budget from its own locally mobilized resources.

OBJECTIVE



The Ministers of Finance (MoF) are therefore called to examine the Decisions of the Assembly and the work done so far on the modalities for implementing the new financing initiative. In particular, MoF are expected to agree on the implementation.

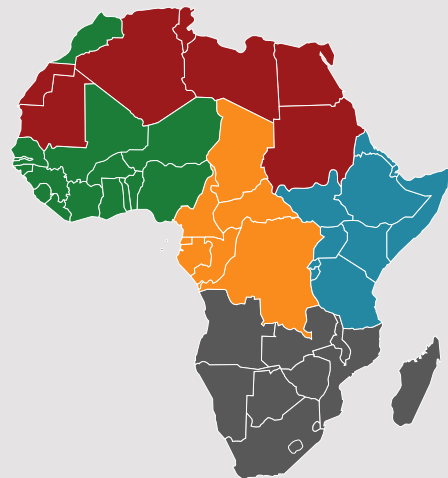
At the end of the meeting, the MoF would have agreed on concrete steps to be taken regarding the implementation of the new mechanism and prepare a report for the consideration by the AU Assembly in January 2018. They also would have committed themselves to the attainment of milestones set in the roadmap to be agreed during the meeting.

COMMITTEE OF TEN MINISTERS OF FINANCE (F10)

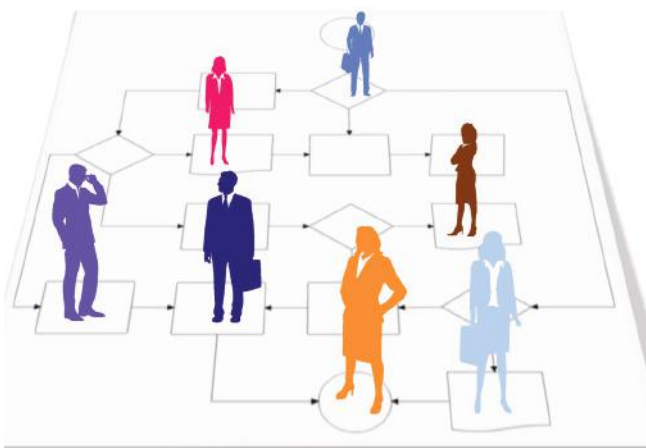
In line with the Decision of the AU Heads of State and Government on the Financing of the Union, the F10 has been constituted as follows:

1. Central Africa: Chad and Congo
2. East Africa: Ethiopia and Kenya
3. North Africa: Algeria and Egypt
4. West Africa: Cote d'Ivoire and Ghana
5. Southern Africa: Botswana

Southern Africa is yet to nominate its second representative country.



COORDINATION



The newly set up Project Management Unit for the implementation of the new financing formula will be the Secretariat. Under the leadership of the Deputy Chief of Staff in the Bureau of the Deputy Chairperson, the Unit will be supported by a team of staff from the department of Finance. Currently, the team has 2 officers: an Economist/Public Finance Specialist and a Senior Finance Officer. It is expected to be beefed up with specialists in various areas of expertise.

INSIGHTS ON THE DIFFERENT MECHANISMS TO FINANCE THE UNION

MEETING OF THE MINISTERS OF FINANCE (F10) AND THE BUREAU OF THE ASSOCIATION OF AFRICAN CENTRAL BANKS

The F10 met with the Bureau of the Association of African Central Banks to discuss modalities on the establishment of accounts at Central Banks for the collection of revenues emanating from the import levy for financing the Union. The meeting agreed on the following:

- The importance of 2017 as a transition year which would allow all member states to put in place national mechanisms legal and fiscal for the implementation of the Kigali decision.
- The establishment of the F10 Technical Committee be expedited and all members of

the F10 would nominate an expert to join the Technical committee as soon as possible.

- Requested Chairperson of the AU Commission to follow up with Member States on the status of implementation of the Kigali Decision at the national level and give feed back to the F10.
- Imports exempted from the AU import levy shall take into account goods already exempted by national laws and development priorities.

UPDATE ON THE IMPLEMENTATION OF THE PEACE FUND

Since the Kigali Decision, the African Union Commission has focused on the technical aspects of the operationalization of the Peace Fund. A Peace Fund Implementation Task Force has been established within the Commission.

AU-UN PSO partnership

The United Nations Security Council Resolution (UNSCR 2320) was voted unanimously on November 18th, 2016. While this was a procedural resolution, it represents a key milestone in the AU's long-standing policy objective of securing predictable and sustainable financing for AU authorized and mandated peace support operations.

The UNSC welcomed the AU High Representative's for the Peace Fund's proposals on the Peace Fund and for the first time expressed its readiness to consider the AU's proposals on the use of UN assessed to support AU PSOs.



EXPERIENCE SHARING ON THE IMPLEMENTATION OF THE DECISION

The search for a reliable effective and predictable financing mechanism for the Union has been going on over the last ten years. Over the period, several important milestone decisions have been taken by the Assembly. These recommendations were endorsed in subsequent decisions of the assembly:

1. The Chairperson of the Commission has written to all Member States requesting updates on the implementation of the Decision.
2. Kenya has taken steps to implement the Kigali Decision. At the F10 inaugural meeting, on 15 September 2016, H.E Mr. Henry Rotich, Kenya's Cabinet Secretary for the National Treasury shared the experience of Kenya in implementing the Decision on the financing of the Union. In order not to adversely impact the economy of Kenya, he informed the meeting that Kenya implemented the Decision by lowering an existing levy (import declaration fee) from 2.5 percent to 2 percent. The 0.2% of the AU levy is then derived from the import declaration fee which is paid into an escrow account with the central bank of Kenya. The implementation of the decision in Kenya relies on existing legal frameworks so as to avoid the introduction of a new levy. A law is being enacted by the Kenyan Parliament on the AU levy to allow for the funds to be transferred to the Central Bank of Kenya and subsequently to the AU Commission.
3. At the last F10 meeting in January 2017, H.E Mbogo Ngabo Seli, Chair of the F10 and the Minister of Finance of Chad, informed meeting that Chad has taken steps to implement the Decision.
4. Member States reiterated their commitment to the implementation of the Decision. However, the existing financial laws in one country make the channelling of the funds through the central bank not suitable. It is therefore assessing other mechanisms to transfer the funds from the levy to AU Commission.
5. A Member State has put in place a mechanism for the implementation of the Decision. Its parliament has enacted a law to back the implementation and has created an AU account. It is ready to transfer funds to the account once the processes are finalized.
6. Another Member State has set up inter-ministerial committee to draw up modalities for the implementation of the decision. A mechanism is expected to be in place by the end of 2017.
7. Consultation between the F10 and the Bureau of the Association of African Central Banks indicates that African central banks are very supportive with the implementation of the Kigali Decision would have no difficulty in setting up the AU Accounts once the fiscal authorities of the Member States give the necessary directives.
8. Most Member States have proposed that 2017 be used as a transitional period to allow for member States put in appropriate mechanisms for the full implementation of the Decision in January 2018.



MOROCCO AND THE SCALE OF ASSESSMENT

With the admission of Morocco, the gross national product of the African Union rises to US\$1.12 trillion with the Kingdom of Morocco's share being 4.5 percent. The implementation of the AU Assembly decision of June 2015 implies that the Kingdom of Morocco joins the "Tier 1" Member States expected shoulder 48 percent of the budget of the Union. Our estimates suggest that Algeria, Egypt, Morocco, Nigeria and South Africa each would have to contribute 9.6 percent of the budget of Union and Angola 8 percent, bringing the total to 56 percent.



OVERSIGHT MECHANISMS



In recognition of the fact that Member States have different legal regimes, planning and budgetary cycles, it is foreseen that a period of transition may be required to enable some countries to become fully compliant. Below are some of the steps recommended:

1. The Commission shall institute a strong accountability mechanism for ensuring the effective, transparent and prudent use of resources through stringent implementation of Executive Council and Assembly decisions in all its aspects on the establishment of external and internal controls
2. An enhanced governance structure and independent fund management body will be set up for the Peace Fund in compliance of the AU financial rules and regulations for transparency and accountability purposes, subject to the approval of the assembly.
3. In accordance with the Kigali Decision, a Committee of Ministers of Finance will be established comprising ten (10) Member States, two (2) per region to participate in the preparation, monitoring and evaluation of the annual budget of the Union.
4. The Commission will report annually to the Special Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration on the implementation of the decision and these guidelines. ●

AFRICAN UNION SELF-RELIANCE PROCESS THROUGH THE INSTITUTIONAL REFORM

From the South to the North, all the way to Western Africa, all regions of the continent are represented in a high level team put together by Rwanda's President Paul Kagame to design a new outlook for the continent's operations.



Rwanda's President H.E. Paul Kagame
as the lead of the AU Institutional Reforms team

Guinea's President H.E. Alpha Conde
as the AU Chairperson



Chad's President H.E. Idriss Deby Itno
as the former AU Chairperson

H.E. Moussa Faki Mahamat
African Union Commission Chairperson





Dr. Donald Kaberuka

is a Rwandan economist and the seventh elected President of the African Development Bank Group. He is currently the High Representative for the African Union Peace Fund, appointed by the Chairperson of the Commission in January 2016. As President of the Bank Group, Dr. Kaberuka chaired the Boards of the African Development Bank and the African Development Fund, the soft loan arm of the Group.

Dr. Carlos Lopes

is a Bissau-Guinean development economist, author, educator and civil servant who served as the eighth Executive Secretary of the United Nations Economic Commission for Africa. Lopes previously served the United Nations as Director for Political Affairs, in the Executive Office of the UN Secretary-General.



Strive Masiyiwa

is a Zimbabwean businessman. He is the founder and executive chairman of Econet Wireless group and is considered one of Africa's most generous humanitarians.

Cristina Duarte

is a Cape Verdean politician who was the Cape Verdean Minister of Finance, Planning and Public Administration. She was director general of the Bureau of Studies of the planning of the Ministry of Agricultural Development. Mrs Duarte has a specialty in the area of World Finances and Emerging Capital Markets.



Dr Acha Leke

is a Cameroonian senior partner at McKinsey's Johannesburg office and supports clients in Public Sector, Social Sector, and Private Equity Practices. As a member of the McKinsey Global Institute Council, Mr Leke also advises MGI on research related to productivity, competitiveness, and growth, particularly in African economies.

Tito Titrus Mboweni

is a South African independent Non-Executive Chairman of Nampak. He was the eighth Governor of the South African Reserve Bank and the first black South African to hold the post. He was also Minister of the Department of Labour in South African President Nelson Mandela's cabinet.



Amina J. Mohammed

is a Nigerian was a key player in the Post-2015 development process, serving as the Special Adviser to UN Secretary-General Ban Ki-moon on Post-2015 development planning. In this role, she acted as the link between the Secretary-General, his High Level Panel of Eminent Persons (HLP), and the General Assembly's Open Working Group (OWG).

Vera Songwe

from Cameroun, is the ninth appointed Executive Secretary of the United Nations Economic Commission for Africa (UNECA). Ms. Songwe brings to the position a longstanding track record of policy advice and results oriented implementation in the region, coupled with a demonstrated strong and clear strategic vision for the continent.



Pr Pierre Moukoko Mbonjo

served in the Government of the Republic of Cameroon as Minister of External Relations from 2011 to 2015, Minister of Communication and Government Spokesperson from 2004 to 2006 and Minister Chief of Staff of the Prime Minister of Cameroon from 1996 to 2004. He is Professor at the International Relations Institute of Cameroon (IRIC) at the University of Yaounde II.

Mariam Mahamat Nour

is the Chadian Minister of Economy and Development Planning, and Governor for the World Bank Group. Mrs. Nour held senior positions in government, international NGOs, as well as with UNDP, UNICEF, and ILO. In her position, Minister Nour has promoted the integration of the large refugee and IDP population in Chad working closely with her own government, civil society and the international community.



INSIGHT FROM ADOUM GAGOLOUM

ACTING HEAD OF BUDGETING WITHIN THE PROGRAMMING, BUDGETING, FINANCE AND ACCOUNTING (PBFA) DIRECTORATE



Mr Adoum Gagoloum has more than ten years of experience in the field of finance and budget within the African Union. He gave us his insight on the reform on financing the Union, as an important stakeholder in the implementation process.

“As you may recall at the 27th summit of AU Heads of States and Governments held in Kigali in July 2016, the Assembly of the AU took a Decision to institute a 0.2% levy on eligible imports. This will provide the Union with predictable and sustainable financing and reduce over dependence on partner funding for continental integration and development programmes.

Following this decision, a meeting was held between the AU Ministers of Finance and the AU Commission on the 15th and 16th of September 2016, which culminated in the setting up of the Committee of 10 Ministers of Finance (F10) and the adoption of draft guidelines for the implementation of the Assembly Decision.

At the 29th Summit of AU Heads of State and Government, the Assembly reaffirmed the importance of the decision on financing the Union as a key component of AU reforms and took into consideration Member States proposals and suggestions on how to implement the decision.

The AU needs adequate, reliable and predictable resources to implement its programmes and achieve

its development and integration goals. Current budget estimates, however, show that a large portion of the programme budget of the AU is funded by external partners.

The decisions of the Summits on Alternative Sources of Funding to ensure reliable, effective, fair and adequate financing of African Union are being implemented incrementally. The decision committed members to achieving the following targets: (i) 100% of the Union's Operational budget; (ii) 75% of Union's Programme budget; and (iii) 25% of Union's Peace support operations budget. If implemented progressively over 5 years this decision will make the budget of the Union very predictable.

The Commission conducted a study on the implementation of the levy, with specific focus on the existing community levies of Economic Community of West African States (ECOWAS) and Economic Community of Central African States (ECCAS). It convened a meeting with Ministers of Finance in September 2016 to discuss the guidelines for operationalization of the AU levy, and the establishment of the Committee of F10. The Commission then called for the 2nd AU Finance Ministers meeting on the 9th of August to discuss the progress implementation and the roadmap for the effective implementation which will address the political and technical processes needed, at the minimum, to ensure the full implementation of the decisions by all our Member States of the Union.

- The Commission presented the annual budget framework documents to the policy organs during 2016 and 2017 budget discussion, based on the following underlying principles: results and accountability for delivery, efficiency, effectiveness, discipline and transparency in the sourcing and use of resources;
- Oversight by the Permanent Representative Committees (PRC) Sub-Committees to ensure streamlining, legitimacy and alignment with mandate and goals of Agenda 2063;
- Efforts within the Alternative sources of funding framework to ensure sustainable funding of AU operations and programmes with domestic funding; robust accountability and oversight mechanisms;
- Observance of the principles of subsidiarity and complementarity.” ●

INSIGHT FROM A YOUNG AFRICAN

WONGEL ABEBE ABATE

A LEADER FROM THE YOUNG AFRICAN THINK'RS



Ms Wongel Abebe Abate is a young African Leader. She and her colleagues at the Young African Think'rs are particularly interested in the reforms of the African Union, given the important role that youth should have on the continent. She gives us hereafter an insight on what African youth is waiting for in this process.

"A ripple effect starts with a small circle, but it doesn't end there. The same goes for a successful movement. The institutional reform of the AU started with few leaders at the top, but until it is owned by the public, it will have been yet another attempt of starting a wave of transformation only to remain in the small circle.

When my colleagues and I first heard about the Institutional Reform of the AU last year, we were excited, and became loyal followers of the process. Beyond that, we were inspired into action. So we geared our annual Young African Think'rs Convention 2017 towards the issue. We proposed to work with the Commission to gather bright minds from across Africa and engage them in discussions

about the reformation. The response we got from the ground was mixed - an enthusiastic welcome from one hand, and the opposite from another. The experience further confirmed the true need for reform.

"One of the goals of the reform is to make the union more citizen-oriented. It would be an effort-in-vain if the reformation contradicted this and became an exercise that started and ended with few at the top.

What we, as young Africans, expect from the Institutional Reform is what H.E. President Paul Kagame mentioned during his address at the January 2017 Heads of State Summit: "A fundamentally different approach". We hope to see the reform itself being carried out in a method that doesn't conform to the 'business as usual' way of doing things in the AU. One of the goals of the reform is to make the union more citizen-oriented. It would be an effort-in-vain if the reformation contradicted this and became an exercise that started and ended with few at the top. It is important that the reform journey, like its destination, be an inclusive, citizen-driven process that utilizes the energy and creativity of the continent's youth towards its implementation." ●

INTERVIEW OF JACQUES MUKWENDE

HEAD OF RESOURCES MOBILIZATION DIVISION WITHIN THE STRATEGY PLANNING, POLICY, MONITORING, EVALUATION AND RESOURCES MOBILIZATION (SPPMERM) DIRECTORATE



Mr Jacques Mukwende is the Head of Division of Resources Mobilization within the Strategy Planning, Policy, Monitoring, Evaluation and Resources Mobilization Directorate (SPPMERM). Playing a key role in the organization, he is giving an enlighten insight of the African Union's reforms in this interview.

Mr Jacques Mukwende, as a Head of Division of Resources mobilization within SPPMERM, can you tell us what is your contribution in the implementation of AU's reform?

The SPPMERM ensures the execution of projects by availing clear plan methodology as well as a clear monitoring and evaluation framework. Also it avails funds for the implementation of projects. SPPMERM evaluates the result achieved and reports the project being implemented by operating departments/directorates.

What impact will the institutional reforms and financing the AU have on resource mobilization ?

The impact of the institutional reforms and financing of the Union is very important. On the part of the financing, the AU budget since the AU new commission started to operate, the AU has been supported by international partners. The support from Member States has been very small. The percentage for international partners was about 97%, while Member States financing program is about 3%. As a result of this findings, AU Member States took the decision in South Africa in 2015 to take responsibility, get more involved in the implementation of AU's projects. From 2016 to 2020 Member States agreed to finance 75% of the programs, 25% of issues related to peace and security in the continent. 100% of the Operational project.

From the studies done, 0.2% levy from all African imports a team set up by the President of Rwanda. The proposal was approved during the Kigali Summit in July 2016, where Member States decided to get 0.2 levy from imports to finance the Union. The African countries will contribute this levy 0.2% from their respective import and send to the AU through their Central Banks, that was the rational for principle which was adopted during the Kigali Summit.

The advantage of this initiative is that the Union projects will be finance by Africans not depending on external funds. When the continent depends on external support it means accommodating them regardless of lack of similar priorities. This will also help the Union to focus on key priorities, ability to predict funds, plan and execute programs on time, hence provide the independence and ownership of activities.

“Now with the new reforms AU-Partnership will be a solid cooperation; AU-Partnership will be on equal or the same level.”

How will this affect the execution of projects and future au-partner relations?

It will affect the projects execution by facilitating quicker action on implementation with readily available funds. Most of the projects sometimes are stagnant because of lack of funds from external partners. Occasionally, the AU's projects are not in-line with partner's priorities, other times partners experience financial crisis, and matters concerning the release of funds that which affects the Union's execution and implementation of projects. Currently, with the institutional reforms and financing of the union, AU can be sure of available funds, which will accelerate the rate of execution of projects. On the other hand, the relationship with partners will also be strengthen. Before, it was not really partnership it was more of *Dollar and Recipient relationship*. Now with the new reforms, AU-Partnership will be a solid cooperation; AU-Partnership will be on equal or the same level.



“Currently with the institutional reforms and financing of the union, AU can be sure of available funds, which will accelerate the rate of execution of projects.”

The AU is expected to mobilize a reasonable amount of funds to finance its programs, projects and operations. How will this affect the working methodology in terms of planning and execution?

This will really affect the AU working methodology, as I earlier stated. When the Union is sure of funds availability, this will help the staff to plan on a long term frame. The team can make an estimated cost and plan a budget for the period the fund can sustain accordingly. Prior to this, AU usually plans and gives an estimated budget but without an idea precisely how much funds to receive from

partners for implementation and execution. This will have a huge impact on the execution when there is fund, staff capacity which are the main prerequisites to implement projects. Since reasonable funds are now available, it will fast-track execution of projects. Besides with available funds the results is obvious using the right tools like the monitoring and evaluation framework which is operational, it will go a long way to ensure a more focus results.

From a strategic planning, monitoring and evaluation point of view, how realistic and sustainable is this ambition of financing the union?

From a strategic planning point of view, I think this is a very good initiative because it is sustainable. Previous reforms were never sustainable, as a result this creates difficulty in even achieving the SPPMERM Milt-year plan. However, the financing of the Union will boost work flow and execution of projects.

Furthermore, the initiative incorporates flexibility of funding. Some projects were not executed because of lack of funds, the AU can fund and co-finance with other partners some activities within the continent. Activities related to migration, crisis on youth migration and peace and security on the continent, the Union can establish a joint action cooperation with its partners to resolve the social problems. Support can come from external partners but we must take the lead and others can join.

Moreover, the continent will gain more value from external donors when it can deal with its own issues. Most importantly is the ability to have total independence to focus upon the continental issues, priorities, instead of working on issues that are imposed by partners.

Finally, the reform will integrate all continental institutions; it will guide the Union to be more focus and work together to implement the African Agenda as stipulated in the Agenda 2063.

Any final words about the institutional AU reforms and financing mechanisms?

This should be supported by all of us because it provides a wide range of advantages; independence, focus on results by involving all actors in the continent, clear division of labor, the roles and mandates of AUC, RECs, AU Organs, AFDB and Member States. It provides a clear guidelines to prevent complications and replication of duties within the institutions. ●

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