DECISION ON THE REPORTS OF THE SUB-COMMITTEES OF THE PERMANENT
REPRESENTATIVES’ COMMITTEE (PRC)

The Executive Council,

**1. TAKES NOTE** of the PRC recommendations on the Reports of its Sub­committees;

**2. DECIDES** that a single report template should apply to all PRC Sub­committees reports;

**3. DIRECTS** the Commission to fulfil its mandate of coordinating, preparing and holding of all PRC Sub-Committees to ensure that meetings are held timely and regularly ;

**4. ALSO DIRECTS** the Commission to fulfil its mandate of providing legal advice to all PRC Sub-Committees meetings to ensure memory and consistency of decisions.

**I. THE JOINT SITTING OF THE SUB-COMMITTEE ON GENERAL SUPERVISION AND COORDINATION ON BUDGETARY, FINANCIAL AND ADMINISTRATIVE MATTERS AND THE EXPERTS OF F15 - Doc. EX.CL/1104(XXXIV)i**

**5. ENDORSES** the recommendations contained in the Report[[1]](#footnote-1) of the PRC on the Report of the Joint Sitting of the PRC Sub-Committee on General Supervision and Coordination on the Administrative, Budgetary and Financial Matters;

A. ON THE 2020 BUDGET FRAMEWORK PAPER

**6. RECOGNIZES** that the Budget Framework Paper is the basis for formulation of the 2020 Budget of the Union;

**7. ADOPTS** the 2020 Budget Framework Paper for the African Union;

**8. REQUESTS** the Commission and all other Organs to adhere to the priorities and thematic areas outlined in the Budget Framework Paper;

**9. DIRECTS** that emphasis must be given to result and delivery and **URGES** Organs of the Union to observe accountability and the oversight mechanism contained in the Golden Rules;

**10. URGES** the Commission to enforce both the existing internal and external oversight and accountability mechanisms to ensure effective and prudent use of resources in accordance with relevant Assembly Decisions;

11. DECIDES:

i) To institutionalize a 3 year budget cycle;

ii) To base the annual budget ceiling on a three (3) year average execution rate;

iii) To strengthen and embed “Monitoring & Evaluation” in the planning and budgetary processes;

iv) To reinforce a culture of accountability and result based management;

B. ON THE 2019 SUPPLEMENTARY BUDGET

**12. ADOPTS** the 2019 supplementary budget of **$10,686,666** broken down as follows:

i) Pan African University (PAU) 2019 Supplementary budget of **$5,830,600** to be funded as follows:

(a) **$2,500,000** funded from the 2018 PAU unspent funds;

(b) **$2,200,000** funded from the Reserve Fund; and

(c) **$1,130,600** funded from the re-prioritization of activities following the mid-year performance review in July 2019; and

ii) The African Peer Review Mechanism (APRM) transition budget of **$4,856,066** in relation to the 1st and 2nd quarter cash flow projection to be funded from the Reserve Fund.

**13. DIRECTS** the Commission to introduce a Mid-year budget review to ensure better budget performance and avoid supplementary budgets as much as possible;

C. ON THE RESERVE FUND

**14. AUTHORIZES** the creation of the Asset Reserve to be embedded in the Financial Rules and Regulations to represent the Asset component of the Reserve Fund;

**15. REQUESTS** the Commission to present the report on the asset valuation exercise conducted in 2018 to the 35th Ordinary Session of the Executive Council in July 2019.

D. ON ARREARS AND DEBTS OF THE UNION

**16. RECALLS** the decision Ext/EX.CL/Dec.1 (XX) during its 20th Extraordinary Session held in November 2018 in Addis Ababa, Ethiopia approving the payment of US$11 million salary arrears that the AU owes its staff;

**17. AUTHORIZES** the setting up of an accrual of salary arrears in the Financial Statements of 2018 in compliance with the requirements of the International Public Sector Accounting Standards (IPSAS) as adopted in January 2013 - Decision EX.CL/Dec.728(XXII);

**18. DIRECTS** the F15 to look into funding options to clear the salary arrears and submit them for consideration and decision by the 35th Ordinary Session of the Executive Council in July 2019;

**19. REQUESTS** the Commission to work out modalities and a plan of payment of debt owed by the Union including to Member States and report to the 35th Ordinary Session of the Executive Council in July 2019;

E. ON THE ROADMAP

**20. ADOPTS** the Administrative Reforms Road Map referenced EX/CL/1104(XXXIV)iRM and **DIRECTS** the Commission, in collaboration with the PRC, to ensure its implementation in line with the deadlines therein and report on progress in each Ordinary Session of the Executive Council;

F. ON THE PREFERENTIAL EXCHANGE RATE

**21. REQUESTS** the Commission to:

i) Draft, in consultation with the AU Permanent Missions in Brussels and Geneva and submit to the Sub-Committee for review and input a consultant’s Terms of Reference regarding a study on the preferential rate for Geneva and Brussels Missions; and hire a consultant to undertake the study in accordance with the TORs by end of April 2019;

ii) Maintain the status quo on preferential rate pending the outcome of the study and a decision by the policy organs.

G. ON THE REVISION OF THE AU FINANCIAL RULES AND REGULATIONS (FRR)

**22. TAKES NOTE** of the progress made in the review of the FRR to be in tandem with IPSAS and the implementation of Agenda 2063;

**23. DIRECTS** the Commission to present the revised FRR to the Specialized Technical Committee on Justice and Legal Affairs prior to their consideration by the Executive Council.

H. ON HUMAN RESOURCES MANAGEMENT AND MEMBER STATES QUOTA

**24. REITERATES** the moratorium on recruitment of Short, Fixed Term and Special Service Contracts and **REQUESTS** the Commission to handle exceptions on a case by case basis; and finalise the report on resolving the Non-Regular Staffing matter;

**25. REQUESTS** the Commission to communicate regularly to Member States an update on their respective quotas;

**26. ALSO REQUESTS** the Commission to speed up the work of the internal Task Force to review the Staff Regulations and Rules and submit them to the Executive Council for consideration;

**27. FURTHER REQUESTS** the Commission to report on the implementation of this Decision to the 35th Ordinary Session of the Executive Council in July 2019.

**II. THE SUB-COMMITTEE ON AUDIT MATTERS Doc.EX.CL/1104(XXXIV)ii**

**A. ON THE REPORT OF FACTUAL FINDINGS ON THE OPERATIONS AND RECRUITMENT PROCESSES OF THE PAN AFRICAN PARLIAMENT (PAP)**

**28. REQUESTS** the PAP to:

i) Implement the recommendations contained in the Board of External Auditors’ Report, and any other recommendations made on its operations, Human Resource and Financial management by auditors in previous reports;

ii) Abide by the Policy Organs decisions on allowances, and stop the payment of “Special Allowances” to staff members, as well as allowances to the Members of the Parliament (MPs) and the PAP Bureau, which were not approved by the Policy Organs;

iii) Ensure that the PAP Bureau abide strictly by its mandate and refrain from interfering with the day to day management of the operations of the Secretariat;

iv) Refrain from undertaking any reform activity as the ongoing institutional reform process encompasses all Organs of the Union;

v) Ensure that the PAP Secretariat abides by the relevant rules and regulations while implementing any decision of the PAP Bureau that carries financial implications;

vi) Refrain from paying imprest for missions and abide by the AU Staff Regulations and Rules and AU Financial Rules and Regulations on DSA;

vii) Strictly abide by the Union’s rules and regulations, as well as, its mandate as an advisory and consultative Organ of the Union.

**29. ALSO REQUESTS** the Commission to:

i) Take disciplinary and legal actions against the persons responsible for illegal payments including allowances, as per AU Financial Rules and Regulations and AU Staff Regulations and Rules;

ii) Speed up the renewal process of the Host Agreement of PAP with the South African Government, in close collaboration with PAP;

iii) Periodically audit all AU Organs and report on a regular basis to the Executive Council;

**30. FURTHER REQUESTS** the same Board of External Auditors who did the PAP audit to complete their task by engaging and collecting additional information from other key stakeholders, who were not interviewed, including the host country, the other members of the PAP Bureau, the dismissed PAP clerk and other staff who were dismissed or resigned under unclear circumstances; and **ALSO REQUESTS** the same Auditors who audited the African Court on Human and Peoples’ Rights (AfCHPR) to complete the task that they started at the AfCHPR by carrying out interviews, including with the staff who might have left the Court under unclear circumstances;

B. OTHER AUDIT MATTERS:

**31. CALLS UPON** AU Organs to adhere to AU Rules and Regulations pertaining to Financial and Human Resources Management, and **DIRECTS** as follows:

i) AU Organs should not adopt or apply any rules that are not in line with the AU Constitutive Act, AU Financial Rules and Regulations, and Staff

Regulations and Rules, and any breach shall be accounted for as per the provisions of these Rules;

ii) AU Organs should strictly adhere to the requirements of AU Financial Rules and Regulations and Staff Regulations and Rules, and any breach shall be accounted for as per provision of these rules;

iii) The Office of the Legal Counsel should examine the legal instruments of AU Organs and identify those that contravene the AU supreme legal instruments;

iv) AU Organs should ensure that drafts of new or revised Rules of Procedure and other instruments are submitted to the Office of the Legal Counsel at the Commission for vetting before approval by the Organs, and any inclusion with financial, structural and legal implications should be submitted through the established procedure to the Executive Council for approval.

**32. REQUESTS** the Commission to follow up on the implementation of this decision and report to the 36th Ordinary Session of the Executive Council in February 2020;

C. ON THE BUDGET PERFORMANCE FOR THE PERIOD JANUARY - JUNE 2018

**33. REQUESTS** the Commission to address the issues raised by the Sub-Committee and report to the 36th Ordinary Session of the Executive Council in February 2020;

D. ON THE INTERNAL AUDIT REPORTS OF OTHER AU ORGANS ON PERFORMANCE AUDIT AND RECRUITMENT AUDIT

**34. DEFERS** the consideration of the internal audit reports of other AU organs and AUDA/NEPAD Agency on performance and recruitment audits to allow for a more in-depth analysis and for recommendations thereof to be submitted to 35th Ordinary Session of the Executive Council in July 2019;

III. THE SUB-COMMITTEE ON MULTILATERAL COOPERATION Doc.EX.CL/1104(XXXIV)iii

**35. TAKES NOTE** of the absence of consensus on AU representation in partnership meetings;

**36. DECIDES** to refer the item back to the PRC Sub-Committee on Multilateral Cooperation for further consideration. In the meantime, the existing decisions on partnerships should continue to apply;

**37. REQUESTS** the PRC to report on the implementation of this decision to the 35th Ordinary Session of the Executive Council in July 2019;

IV. THE SUB-COMMITTEE ON HEADQUARTERS AND HOST AGREEMENTS - Doc. EX.CL/1104(XXXIV)iv

**38. COMMENDS** the Sub-Committee on Headquarters and Host Agreements for its efforts in ensuring the resolution of pending matters in implementation of the Headquarters Agreements;

**39. ALSO COMMENDS** the efforts of the Government of the Federal Democratic Republic of Ethiopia in making significant progress in resolving the outstanding matters in the “Matrix of Pending Issues”; and **REQUESTS** the Commission in collaboration with the Sub-Committee on Headquarters and Host Agreements to continue its consultation with the Government of the Federal Democratic Republic of Ethiopia in addressing the remaining matters regarding the Headquarters;

**40. ENCOURAGES** the Government of the Federal Democratic Republic of Ethiopia to find solutions to the withheld sums of money that resulted from failure to declare foreign currency at the airport, as well as personal jewellery seized in line with the decision made previously by the Government of Ethiopia on the matter;

**41. REQUESTS** the Government of the Federal Democratic Republic of Ethiopia to formally communicate to Embassies and banks, the authorized amount of foreign currency withdrawal;

**42. ALSO REQUESTS** the Republic of South Africa to speed up the finalization of the Host Country Agreements with the AU institutions hosted by South Africa;

**43. URGES** the Commission in collaboration with the PRC Sub-Committee on Headquarters and Host Agreements and Ad Hoc Working Group on Equitable Geographical Distribution to urgently finalize the studies on Host Country Agreements and the Guidelines for Implementation of the Headquarters Agreement, which includes matters related to taxation of salaries of nationals, local staff or holders of permanent residence permits;

**44. REQUESTS** the Commission to report on the implementation of this decision to the 35th Ordinary Session of the Executive Council in July 2019;

V. THE SUB-COMMITTEE ON ECONOMIC AND TRADE MATTERS - Doc. EX.CL/1104(XXXIV)vii

**45. CALLS ON** Member States to expedite ratification of the legal instruments of the African financial Institutions to accelerate entry into force;

**46. URGES** Member States to abide by Decision Assembly/AU/Dec.692(XXXI) adopted in Nouakchott, Mauritania, in July 2018, requesting Member States to abstain from entering into third party bilateral trading arrangements until the entry into force of the Agreement establishing the AfCFTA;

**47. CONGRATULATES** the Arab Republic of Egypt on the successful hosting of the First Intra-African Trade Fair and **URGES** Member States to participate in the second one scheduled to be held in Kigali, Rwanda in 2020;

VI. THE SUB-COMMITTEE ON AUDA/NEPAD - Doc. EX.CL/1104(XXXIV)viii

48. DECIDES that:

i) The briefing by the Chief Executive Officer of AUDA/NEPAD to the PRC is to be institutionalized and held on a bi-annual basis;

ii) The Chairperson of the PRC Sub-Committee on AUDA/NEPAD shall participate in the AUDA/NEPAD Steering Committee meetings. He shall be accompanied by one (1) member of the Bureau of the Sub-Committee selected on a regional rotational basis. Both shall attend as observers;

iii) The PRC Sub-Committee continue to be involved in the on-going process of the transformation of the NEPAD Planning and Coordinating Agency into AUDA/NEPAD.

1. Report of the 37th Ordinary Session of the PRC and its Annex [↑](#footnote-ref-1)