

SPECIAL REPORT

FINANCING PEACE AND SECURITY IN AFRICA: BREAKTHROUGH IN INCREASED AFRICAN OWNERSHIP?

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BACKGROUND

The report by President Paul Kagame regarding the AU reform process is a major agenda item during the 29th AU summit to be held on 3-4 July 2017 in Addis Ababa, Ethiopia. The financing of the AU including peace and security is at the heart of the reform agenda. An aspect of the financing of the Union attracting interest is the initiative on securing predictable and sustainable financing for peace in Africa, led by former African Development Bank President Dr Donald Kaberuka.

African states provide only 2 % of the cost of AU peace and security activities, they have thus been charged of outsourcing their financial responsibility for peace on the continent. Although the Peace Fund is one of the major components of the African Peace and Security Architecture (APSA), it is the least developed component receiving the least investment. Unsurprisingly, the inadequate financing of AU peace processes has been the major gapping hole in the APSA threatening AU's ownership of the peace and security project on the continent.

Funding peace initiatives has always been a daunting task for the continental organization. The challenge started to manifest itself since the OAU made the first attempt to dispatch an OAU Peacekeeping Force to Chad from Benin, Congo and Guinea. While deciding to deploy the force, the OAU Council of Ministers in 1980

requested the OAU Secretary-General to prepare a provisional budget for financing the costs of the Chad operations and urged all OAU Member States to pay the minimum voluntary contribution of US\$50,000.00. However, countries that sent their troops to that mission were unable to recover the costs they incurred. The reimbursement of Congolese troops involved in this mission remained as important agenda item for discussion at the meetings of Ministers and heads of state, until the countries concerned decided to renounce their right to refund of expenses in July 1986.

The funding of AU peace efforts has long been identified as being among the most serious structural challenges facing the peace and security system established under the 2002 Protocol establishing the Peace and Security Council (PSC). The 2007 AU Audit Report, the first and most comprehensive assessment of the structures and functioning of the AU to date, pointed out that 'The Peace Fund remains small and precarious ... The assessed contributions to finance peacekeeping have not been done and the reimbursement within six months of States contributing contingents ... has not always been honoured'. Between 2007 and 2015, AUC's expenditure increased from USD133 million to USD 522.1 million, close to 400%. While the contribution of AU member states to the AU budget decreased from 41.8% in 2009 to 27.3% in 2015. With no effective source of financing, almost each of AU peace processes has

therefore been left to depend on identifying its own ad hoc financing mechanism. The resultant unpredictability and unreliability of funding has severely constrained the mobilization of effective peace processes by the AU.

As one commentator put it, AU's external dependence for financing peace 'hangs like a sword over the organization,' putting its independence and honor at stake. This threat became apparent when the AU, unable to deploy troops, acquiesced in early 2013 for military intervention of France in Mali. Although AU policy organs including the Peace and Security Council (PSC) and the AU Assembly has thus recognized for years the gravity of this challenge, their policy responses have until recently been either ad hoc or of limited scope to address the challenge or were not followed up.

PARTNERSHIPS FOR FINANCING PEACE

In the meantime, there have been efforts for strengthening international partnership on peace and security in Africa, focusing, among others, on financing. Not surprisingly, the financing of AU led peace processes in the continent has been at the centre of AU's major multilateral partnerships with both the EU and the UN. The EU's African Peace Facility has been the principal source of financing of much of AU's peace processes. It has been a major pillar of AU's largest and long running peace support operation in Somalia, AMISOM, which, with a force strength of 22,240 personnel, costs about \$900 million per year. More than €1.1 billion has been allocated to the APF since 2004, of which more than €900 million was used for peace support operations.

The issue of the financing of AU peace processes has been dominant from the very beginning of the initiation of the AU-UN partnership on peace and security. Following the request of the PSC and the recommendation of the April 2008 report of the Secretary-General of the UN on the relationship between the UN and Regional Organizations, particularly the AU, the UN Security Council in its resolution 1809 (2008) endorsed the proposal for the establishment of an African Union-United Nations High-Level Panel on the financing of AU led UN-authorized peace processes (also known as the Prodi Panel, named after former Prime Minister of Italy Romano Prodi who chaired the Panel). The Panel recommended that funds from the UN-assessed peacekeeping budget be used to support UN-authorized AU peace operations on a case by case basis. While this point was again picked up and endorsed by the UN High-Level Independent Panel on Peace Operations (HIPPO) Report on the review of UN Peace Operations, the issue has as yet to receive support of the UNSC particularly the P5 members. Furthermore, the Trump administration doesn't have the enthusiasm of Obama's presidency for supporting the use of assessed contribution.

Over the years, a de facto division of labour emerged with African states deploying peacekeeping personnel while international partners pay for the bills. Yet, as the recent 20 % cut by the EU of its financial support to the AU Mission to Somalia (AMISOM) demonstrated, AU's external dependence remains precarious, unsustainable and unreliable. In any case, this division of labour did not completely dispense with the necessity for Africa to assume increased financial responsibility.

FALSE DAWNS

The Prodi Panel did not limit its analysis with identifying external sources of financing of AU peace processes. It also emphasized the importance of African ownership recommending the establishment by the AU of its own system for financial contributions for peacekeeping operations through assessed contributions to gradually augment the AU Peace Fund. In a similar vein, the 2010 APSA Assessment Report underscored that it is 'critical that AU Member States meet their financial obligations, so that the organization's dependency on external aid is reduced, and that sustainability and ownership are guaranteed.'

While the financing of AU peace processes has been a subject of major interest in AU's partnerships, the progress made in mobilizing funds from member states to the AU Peace Fund has been dismal. The overall amount of the peace fund has steadily increased from \$2.8 million in 2006 to \$5.7 million in 2014. Yet the amount from the Peace Fund remained utterly inadequate compared to the cost of AU peace processes, particularly its peace support operations, which stood at \$1.2 billion in 2016.

The 2008 financial crisis and subsequent economic downturns including the Euro-crisis, and austerity policies both at home and abroad have added further impetus to the discussion on enhancing the sustainable and predictable funding of peace and security in Africa.

During the 2009 AU Special Summit held in Tripoli, Libya, the AU Assembly decided to hike the allocation to the Peace Fund from AU assessed contributions from 6 to 12 %. Although in 2010 the Executive Council agreed that this would be implemented over a period

of three years, commencing in 2011, by the end of the three years period the contribution to the Peace Fund increased only by one percent standing at 7 %.

Not surprisingly none of the five African-led peace operations was financed through the AU budget, except for an allocation of \$50 million for Mali. According to the second APSA assessment report, while 75 % of the allocation from the assessed contribution to the Peace Fund has been used to service Post Conflict Reconstruction and Development (PCRD) activities in post-conflict countries, the remaining 25% is utilized for supporting AU Liaison Offices in crisis countries, and for limited support to peace operations.

It is to be recalled that amid the euphoria of the 50 years anniversary of the OAU in May 2013, the AU Assembly approved in principle the proposal of the High-Level Panel on Alternative Sources of Financing the African Union chaired by former Nigerian President Olusegun Obasanjo to source funds from a \$10 levy on air travel and a \$2 levy on hotel accommodation. Obasanjo's proposal was arguably the first of its kind in forwarding creative alternatives to raise funds from the continent. Yet, strong reservation from states with advanced aviation and tourism sectors, and lack of enthusiasm on the part of many states on the use of these sources stymied the necessary implementation action, resulting in an indefinite shelving of the proposal. Yet, the AU Assembly later decided to increase Member States' assessed contributions based on their Gross Domestic Product (GDP) as a proportion of the total GDP of AU countries, although there is a proposal for a further revision of the scale of assessment under the January 2017 AU Assembly decision on President Kagame's report.

SUMMONING KABERUKA'S EXPERTISE

Things started to change during the past two years. In June 2015 the AU Assembly decided to take responsibility for the financing of 25% of AU's peace support operations by 2020. The historic decision was further consolidated by the decision of former AU Commission Chairperson Dr Nkosazana Dlamini-Zuma to appoint Dr Donald Kaberuka, as the High Representative of the Chairperson for the Peace Fund in January 2016. This came following a decision of the Head of State and Government of the PSC in September 2015 supporting the Chairperson's initiative for appointing such a representative with the mandate of mobilizing additional resources for AU peace and security-related activities.

Dr Kaberuka was appointed in January 2016. When he commenced his work in March 2016, he set out to achieve a transformative dispensation for the Peace Fund. He sought not only to identify measures for the full operationalization of the Peace Fund, but also increase the overall contribution to the Fund and ensure that AU member states provide these increased contributions on a sustainable basis.

JULY 2016 KIGALI SUMMIT: THE AU'S PEACE FUND GREAT MOMENT

When the AU Summit was held in Kigali, Rwanda in July 2016, Dr Kaberuka and his team produced a progress report. In the report he presented to the AU Assembly at the Kigali AU Summit in July 2016, Dr Kaberuka proposed a 0.2% levy on imports to African countries for financing the AU. What is interesting about this proposal is that it draws on existing African experiences in West Africa and Central African regions. Both of these regions use community levy as a source of financing their respective regional organizations, namely Economic Community of West African States (ECOWAS) and Economic Community of Central African States (ECCAS).

The AU Assembly decided (Assembly/AU/Dec.605 (XXVII)) not only the use of levy of 0.2 % on all eligible imports but also to provide the Peace Fund up to \$400 million by 2020. This amount in the Peace Fund would cover not only the 25% of the AU peace support operations as per the 2015 decision but also a) preventive diplomacy, mediation activities (Window 1 of the Peace Fund), b) building of critical APSA capabilities (Window 2) and c) peace support operations (Window 3) as well as a crisis reserve facility (with an amount of no less than 50 million USD) for funding rapid response to emergency crisis.

This has been hailed as a landmark decision. Calling it as the most important decision of the Summit, the then Chairperson of the Assembly Chad's President Idris Debi declared with understandable enthusiasm that '[f]or the first time, the continent is taking charge of its own destiny'. The Summit decision was indeed significant for several reasons. First, the commitment by African leaders to implement the High- Representative's recommendations starting in 2017 was taken as an indication of their appreciation of the seriousness of the financial difficulties facing the AU. Second, it was taken as an important move to promote greater ownership and responsibility of the AU-PSOs by its Member States. Third, if effectively implemented, Africa would fulfill its commitment to finance 25% of the cost of AU peace support operations, and potentially pave the way for UN Security Council decision for use of UN assessed contributions to provide for the remaining 75%.

Few months after the adoption of this decision, the Security Council, passed resolution 2320 (2016), expressing its readiness to consider options in response to the African Union's proposal to finance 25 per cent of the cost of such operations by 2020 and requested the Secretary General to present a report on the matter. The Council also invited the AU "to update the Security Council within six months of the adoption of this resolution, regarding the details of the proposed scope of peace operations to be considered; the progress, benchmarks, and timelines for implementation of the AU Peace Fund, consistent with applicable international obligations, as well as accountability, transparency, and compliance frameworks for AU peace support operations"

KABERUKA'S FINAL REPORT

What is interesting about Kaberuka's report is not merely the simplicity of the formula and the enthusiasm with which it was received. Nor is it simply the follow up mechanism the AU put in place for ensuring its implementation. Going beyond and above identifying a source of funding, it additionally provided for putting in place the necessary governance, financial management and accountability structures for the Peace Fund.

Apart from the responsibility for political oversight that lies with the PSC and the Chairperson of the AU Commission, the report envisages detailed governance and financial management and accountability structures.

The report proposed that the Peace Fund is overseen by a Board of Trustees consisting of the Chair and Deputy Chair of the AUC, the Commissioner for Peace and Security and non-executive members of eminent persons on peace and security and up to two non-African partners contributing to the peace fund. The other structures are the Independent Evaluation Group for periodic evaluation and review of the nature of utilization of the fund and the performance and financial reports and the Peace Fund Secretariat, responsible for the day-to-day overall management of the Peace Fund.

Also worthy of note is the detailed analysis it offered on how issues of compliance with human rights and international humanitarian law including conduct and discipline feature in AU peace processes.

It offered a schematic overview of how these issues can and need to be addressed on the basis of an integrated AU Human Rights and Conduct and Discipline Framework. Despite this, there is recognition in Dr Kaberuka's team that the aspect of the report on human rights is weak and requires more serious attention.

AFTER KIGALI

As the report of President Kagame on the reform of the AU pointed out, one of the major issues affecting the AU is non-implementation of decisions. As in previous decisions, it is reasonable for any one to approach this decision on the financing of the Peace Fund with the adage that the taste of the pudding is in the eating.

Indeed, follow up and implementation are the major test for the success of both the AU reform and the decision on Kaberuka Report on the financing of the AU.

Early indications are promising. The final report of Kaberuka's report was presented to and considered by the PSC. As already noted the body established to oversee the implementation of the Kigali decision on financing of the AU, the Committee of Ten Finance Ministers has already met two times.

The Committee made an adjustment on the timeline for full implementation of the 0.2 import levy. Although the decision to apply the 0.2 import levy was meant to start as of 2017, the Committee instead decided 2017 to be a transition and adopted a target amount of \$65 million for the Peace Fund for the year 2017. It is envisaged that 58.46 % of this amount will be allocated to Window 3, while the remaining 41.53 % will go to Windows 1 and 2 with any unutilized amount going to the Crisis Reserve facility.

On the basis of this decision, the AU Commission circulated note verbal to AU member states indicating the amount of the assessed contribution expected of each towards the \$65 million Peace Fund for the year 2017. Accordingly, the amount expected of Ethiopia, host of the AU headquarters, towards the \$65 million is \$2.6 million. This is calculated based on the 4 % of the scale of assessment of Ethiopia under the new scale of assessment adopted at the June 2015 AU Summit in Johannesburg (Assembly/AU/Dec.578 (XXV)). As the amount expected of Ethiopia to contribute from the 0.2 levy based on the scale of assessment was not known, the \$2.6 million was not included in the 2016/2017 national budget of the country. Despite this, Amani Africa learned that Ethiopia is making arrangements for transferring the money to the AU.

The estimated contribution expected of each of the AU member states towards the \$65 million amount for the Peace Fund based on the scale

of assessment is approximately as shown in the table below.

| Member state | Scale of Assessments as agreed by Heads of States 31 January 2016 (2016-18) | Amount due |
|---------------------|---|-------------------|
| Nigeria | 12.000 | 7,800,000 |
| South Africa | 12.000 | 7,800,000 |
| Egypt | 12.000 | 7,800,000 |
| Algeria | 12.000 | 7,800,000 |
| Tier 1 total | 48.000 | 31,200,000 |
| Angola | 8.000 | 5,200,000 |
| Kenya | 4.100 | 2,665,000 |
| Ethiopia | 4.000 | 2,600,000 |
| Sudan | 3.322 | 2,159,300 |
| Libya | 3.260 | 2,119,000 |
| Cote d'Ivoire | 3.000 | 1,950,000 |
| Ghana | 2.380 | 1,547,000 |
| Tunisia | 2.399 | 1,559,350 |
| UR of Tanzania | 1.656 | 1,076,400 |
| DR Congo | 1.488 | 967,200 |
| Cameroon | 1.457 | 947,050 |
| Zambia | 1.335 | 867,750 |
| Uganda | 1.141 | 741,650 |
| Tier 2 total | 37.478 | 24,399,700 |
| Gabon | 1.095 | 711,750 |
| Chad | 0.942 | 612,300 |
| Equatorial Genie | 0.887 | 576,550 |
| Mozambique | 0.871 | 566,150 |
| Botswana | 0.842 | 547,300 |
| Senegal | 0.841 | 546,650 |
| South Sudan | 0.798 | 518,700 |
| Congo | 0.766 | 497,900 |
| Zimbabwe | 0.751 | 488,150 |
| Namibia | 0.697 | 453,050 |
| Burkina Faso | 0.685 | 445,250 |
| Mauritius | 0.679 | 441,350 |
| Mali | 0.619 | 402,350 |
| Madagascar | 0.605 | 393,250 |

| | | |
|--------------------------------------|----------------|-------------------|
| Benin | 0.473 | 307,450 |
| Rwanda | 0.432 | 280,800 |
| Niger | 0.422 | 274,300 |
| Guinea | 0.354 | 230,100 |
| Sierra Leone | 0.279 | 181,350 |
| Togo | 0.247 | 160,550 |
| Mauritania | 0.238 | 154,700 |
| Malawi | 0.217 | 141,050 |
| Swaziland | 0.216 | 140,400 |
| Eritrea | 0.196 | 127,400 |
| Burundi | 0.155 | 100,750 |
| Lesotho | 0.129 | 83,850 |
| Liberia | 0.111 | 72,150 |
| Cabo Verde | 0.106 | 68,900 |
| Central African Republic | 0.087 | 56,550 |
| Djibouti | 0.083 | 53,950 |
| Seychelles | 0.079 | 51,350 |
| Somalia | 0.076 | 49,400 |
| Guinea-Bissau | 0.055 | 35,750 |
| Gambia | 0.048 | 31,200 |
| Sahrawi Republic | 0.044 | 28,600 |
| Comoros | 0.037 | 24,050 |
| São Tomé and Príncipe | 0.017 | 11,050 |
| Tier 3 total | 15.179 | 9,866,350 |
| Total assessed against budget | 100.657 | 65,466,050 |

Source:- Scale of Assessment of AU member states as contained in the 2017 AU Handbook; Report on the Relevant Provisions of the UN Security Council Resolution (UNSCR) 2320 (2016) on United Nations Assessed Contributions for AU-Led Peace Operations Authorized by the Security Council presented to the PSC at its 689th Session on 30 May 2017 AU Doc. PSC/PR/RPT(CDLXXXIX); discussions with representatives of AU member states to the AU and AU Commission experts working on the subject.

¹ Report on the Relevant Provisions of the UN Security Council Resolution (UNSCR) 2320 (2016) on United Nations Assessed Contributions for AU-Led Peace Operations Authorized by the Security Council presented to the PSC at its 689th Session on 30 May 2017 AU Doc. PSC/PR/RPT(CDLXXXIX).

According to a report that the High Representative presented to the AU PSC during the 689th session of the PSC on 30 May 2017, by May 2017 there were only 14 AU member states that made their contributions to the Peace Fund. This is just about a quarter of the membership of the AU. The Report of the Ministerial Committee on the Scale of Assessment presented on 1 July 2017 indicates that the AU has collected on the Peace Fund an amount of \$7, 841, 741.

It is not encouraging that the submission by member states of their ordinary assessed contribution does not fare any better either. As at the time of the 34th Ordinary Session of the Permanent Representatives Committee of the AU, only 16 AU member states delivered on their current assessed contributions. The AU Commission informed the Ministerial Committee on the Scale of Assessment that the assessed contributions collected thus far are less by 18 percent from the amount collected the previous year at the same period.

MECHANISMS FOR FOLLOW UP

Unlike the previous Obasanjo report on alternative sources of funding which was referred to Finance Ministers of all AU member states, the Assembly tasked a committee of Ten Finance Ministers to oversee the implementation of the Kigali decision. The Committee, which met twice since Kigali, decided to have 2017 as a transition year. Accordingly, during the transition period member states will put in place the necessary national and institutional arrangements they deem fit to implement the decision.

During the meeting of the Executive Council and the PRC in Kigali on 7 May 2017, member states observed the need for clarifying the relationship between the Committee of Ten and the Executive Council.

Dr Kaberuka's mandate was extended to follow up the implementation of the Kigali decision and the recommendations of his final report on the peace fund. Together with his team, he has put together a roadmap on the implementation of the operationalization of the peace fund.

There is also a process to set up a Unit within the Office of the Chairperson of the AU Commission. This Unit will be dedicated to the follow up and coordination of the implementation of the proposed reform of the AU and the decision on the funding of the AU, including the Peace Fund.

CONCLUSION: MOUNTAINS YET TO BE CLIMBED

The classic challenge that faces this decision is the level of compliance of member states in making timely and full contribution. The 2015 APSA Assessment Report observed that on average only 50-60 % of the assessed contribution is paid. Indeed, the AU struggled to meet some of its basic financial obligations during the past two years due to late or less than average payment of assessed contribution from member states. By the time of the 29th AU summit in July 2017, only 16 member states were up-to-date with their assessed contributions.

This challenge of full participation of member states in complying with the application of the 0.2 levy is not unique to the AU. Similar challenge has been observed with the implementation of the ECOWAS community levy. There are 9 ECOWAS member states that so far participate in the implementation of the community levy.

Despite the Kigali decision, various AU member states have been expressing concern over the implications of the 0.2 import levy. The issue of consistency of the import levy with WTO rules was one of the issues member states raised during the 7 May 2017 meeting of the Executive Council and the Permanent Representatives Committee that President Kagame convened in Kigali on the AU reform. Lack of buy-in of the financing scheme on the part of not-so-insignificant number of member states remains an issue. There are also issues over the January 2017 Assembly decision on the use of the surplus amount from the 0.2 import levy in excess of the amount expected of member states on the basis of the scale of assessment.

It has become clear that there is huge gulf between the ambition for self-financing the AU and the willingness and ability of member states to make the necessary contributions for achieving that objective. There are many states that are not ready to implement the decision. Two years after the June 2015 decision of the Johannesburg AU Summit for funding 100 % of operational budget, 75 % of program budget and 25 % of peace support budget by 2020, there is an emerging majority view that the timeline for realizing this objective is extended to 2025.

There are a number of countries still unsure of the modalities of the implementation of the formula for the Peace Fund. As reflected in the Report of the AU Ministerial Committee on the Scale of Assessment, there are member states that queried the method used in arriving at the amount for the transition year of 2017.

All in all, significant number of AU member states remains far away from meeting the expectations surrounding the funding of the AU as well as the Peace Fund.

Clearly, implementation of the decisions will not be straight forward, and will require close collaboration between the AU and its Member States. Apart from reservations that various member states continue to have on the application of the 0.2% import levy, compliance by AU Member States in enacting legislation, collecting the levy and remitting the funds in a timely manner may be a challenge. There is a need for mobilizing active support of a larger group of AU member states than the 14 states that have started implementing the decision on the financing of the AU. Effective implementation of the decisions will also require a strengthening of the role of the AU Commission, particularly with regard to follow-up with member States, as well as its financial accountability and prudent utilization of the funds.



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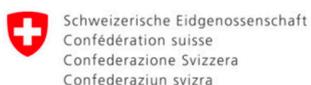
ABOUT AMANI AFRICA

Amani Africa is an independent African based policy research; training and consulting think tank with a specialization and primary focus on African multilateral policy processes, particularly those relating to the African union.

We support the pan-African dream of peaceful, prosperous and integrated Africa through research, training, strategic communications, technical advisory services, and convening and facilitation.

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