

# Briefing on the AU Peace Fund

**Briefing on the AU Peace Fund** Date | 16 September 2022

Tomorrow (16 September), the African Union (AU) Peace and Security Council (PSC) is set to convene a joint-meeting with the Permanent Representatives Committee (PRC) Sub-Committee on Budget Matters along with the Board of Trustees of the AU Peace Fund, to discuss the status of the AU Peace Fund operationalisation.

Apart from the remarks of the Permanent Representative of Ghana to the AU and Chairperson of the PSC for the month, Amma Adomaa Twum-Amoah, the opening segment of the session is envisaged to feature remarks of the Deputy Chairperson of the AU Commission, the Chairperson of the Board of Trustees of the Peace Fund and the Chairperson of the AU Committee of (F15). The substantive session is envisaged to involve update on the status of the Peace Fund. In this respect, the Deputy Chairperson of the AUC, who is a member of the Executive Management Committee of the Peace Fund, will brief the session on the rationale for the establishment and operationalizing a high-performing Fund in line with international best practice. This is followed by an update by the Commissioner for Political Affairs, Peace and Security (PAPS) on 'Evolving consensus on financing AU Peace Support Operations and priority utilization of the Fund'.

The last time Council convened a session to discuss the AU Peace Fund was in October 2021, at its 1036<sup>th</sup> meeting. At that session, Council deliberated on the utilisation of the Peace Fund on priority areas including support to peace processes in specific conflict and crisis affected member states including Libya, Mali, Somalia and Sudan. Tomorrow's briefing presents the opportunity for Council to receive updates and reflect on the latest developments regarding operationalisation of the Peace Fund. The session is unique in bringing together all the

major stakeholders, thereby presenting an opportunity for achieving consensus on the full operationalization of the Fund including the proposed piloting of the utilization of a specified amount of the Fund.

The major developments since the last session of the PSC include the finalization of the identification of the priority areas for use of funds from the interest accrued to the current contributions to Peace Fund. It is to be recalled that the PSC discussed and agreed on the utilization of the AU Peace Fund through pilot projects from the accrued interest during its 13th retreat on its working methods in the context of AU Institutional Reforms (ref. PSC/Retreat.13 dated 27-29 May 2021) held in Mombasa Kenya.

The AU Commission engaged the Board of Trustees of the Peace Fund towards the pilot utilization of the Peace Fund in 2022 through costed and prioritized programmatic activities to address urgent peace and security challenges on the Continent. The representatives of the Executive Committee composed of the Chairperson, Deputy Chairperson and the Commissioner for PAPS, in consultation with the AU High Representative on Financing of the AU and the Peace Fund, have identified priorities for utilisation of the Fund. Within this framework, 21 priority areas were identified.

The Board of Trustees approved for consideration and adoption by the relevant AU policy organs the use of \$ 8.4 million from the interest accrued to the Peace Fund to implement pilot projects. During the 4<sup>th</sup> Mid-Year Coordination Meeting held in Lusaka, Zambia, the Executive Council approved an additional \$5 million for the Crisis Reserve Fund (CRF). The revolving \$5 million for the CRF proposed for the pilot phase is expected to be used for activities that do not exceed one year.

Through CRF the AUC envisages to support startup costs of missions authorized by relevant AU policy organs, emergency situations that exceed the capacity of member states,

activities that can be undertaken in a short period and activities that can rapidly bring change in the peace and security situation. The CRF fund allows the PSC and the AUC to respond to emerging crises for which provision could not have been made in the annual regular budget for peace and security.

During the consideration of the report on the CRF in Lusaka, one of the issues raised centered around the extent to which the relevant bodies were consulted and whether due process has been followed as stipulated in the Financial Rules and Regulations (FRR). The concept of implementing a pilot project under the three windows of the Peace Fund has been largely welcomed but the Executive Council could not consider the proposed project for approval. Hence this Joint Briefing session is meant to provide firm clarity on compliance with the FRR and ensure that the relevant AU bodies achieve common understanding. It also serves to pave the way for proposed \$8.4 million for the pilot projects that is yet to be approved by the PRC for adoption by AU policy organs.

In addition to reaching agreement on priority areas, the legal, operational and governance mechanisms relevant for the full functioning of the Fund have also been established. This includes finalisation of the process of drawing programmes and costing priority areas for utilisation; establishment and operationalisation of the Board of Trustees and the Executive Management Committee; adoption of modalities for the recruitment of Independent Evaluation Panel and Fund Managers; and commencement of processes for the establishment of the Peace Fund Secretariat. The PAPS Department has also prepared the Monitoring and Evaluation framework for the budget proposal for the pilot utilization of the Peace Fund.

On 30 June 2022, the Board of Trustees held a meeting to review the progress obtained in operationalising the Peace Fund. Key progresses noted at the meeting include the appointment of two external, independent Fund Managers – Old Mutual Investment Group from South Africa and Sanlam

Investments East Africa from Kenya. Further to that, the Financial Rules for the Peace Fund have also been adopted as part of the AU's financial rules and regulations in February 2022.

With respect to the status of contributions of member states to the Peace Fund, as of mid-August 2022, the amount from member states assessed contributions stands at \$279,069,008.43. Together with voluntary contributions, interest earned on investment of Peace Fund assets and the transfer of the Legacy Peace Fund to the revitalized Peace Fund, the total amount of the Peace Fund stood at \$321,504,709.15 as of mid-August 2022. According to the AU report presented to the 41<sup>st</sup> Ordinary Session held in Lusaka last July, twenty-two (22) AU member states paid their 2022 Peace Fund assessments in full while five (5) member states had made partial payments as at 30 June 2022. Twenty-eight (28) member states had not made any payment to their 2022 Peace Fund assessments. Apart from collection of assessed contribution of member states, there is also the ongoing process for achieving consensus on the contribution of six member states from the North region and the collection or clearing of arrears by defaulting member states.

On the process for achieving the modalities for contribution to the Peace Fund by the six countries, the Executive Council through its Decision (EX.CL/Dec.1162(XL) of February 2022 directed the Commission to work closely with the F15 and the Office of Legal Counsel to analyze proposals made by the Countries of the Northern Region regarding the assessment of member states to the Peace Fund and the implications thereof and recommend solutions in accordance with the legal frameworks of the African Union. While consultations have accordingly been carried out, breakthrough has as yet to emerge finding a proposal that is satisfactory to all while complying with the legal requirements. In terms of collection or clearing of arrears, the report of the Joint-Sitting of the

Ministerial Committee on Scale of Assessment and Contributions and the Committee of Fifteen Ministers of Finance (F15) highlighted that Seychelles had fully implemented its payment plan and cleared all its arrears to the budget of the Union. Somalia and Burundi had not made payments in 2022 in line with their payment plan for clearing arrears. Also, Libya and Sudan have yet to conclude the consultations with the Commission to agree on their respective payment plans.

Such progress in the operationalization of the Peace Fund notwithstanding, also of significance for tomorrow's session is the need for momentum for finalising the common African position on accessing UN assessed contributions for financing AU peace and security activities. It is to be recalled that after the stalling of the efforts of the African 3 non-permanent members of the UN Security Council in 2018 and 2019 to get adoption of a resolution on UN assessed contributions for AU led or authorized peace support operations, the matter was referred back to the AU to provide guidance through a common position. In this regard, a notable progress attained in 2021 has been the development of a 'Zero Draft African Consensus on Accessing Sustainable and Predictable Financing for AU Peace and Security Activities.' At the 23<sup>rd</sup> and 24<sup>th</sup> PSC Committee of Experts (CoE) meetings, the Zero Draft was considered and the CoE gave inputs for further refinement of the draft. However, the updated draft is as yet to be presented and considered by the PSC before its submission to the AU Assembly for final approval. During tomorrow's session, one of the issues on which Adeoye could provide update is where this process stands and the next steps for finalizing it and resuming the engagement with the UNSC on accessing assessed contributions.

At the time of going to production, while an outcome document is expected, the form that it will take was unknown. Council and the PRC Sub-Committee on Budget Matters are expected to welcome the commendable progress obtained in the

operationalisation of the AU Peace Fund and the steps taken for the utilisation for pilot priority areas. The meeting is expected to endorse the \$8.4 million and the additional \$5 million of the CRF for adoption by the AU policy organs, so that the utilization of peace fund for the pilot priority projects would fully commence in 2023. The meeting may call on defaulting member states to pay their assessed contributions on time, including those member states expected to finalize the clearing of arrears. It may also urge concerned member states and the AU Commission to fortify efforts towards reaching consensus on contribution of the six countries from the North region to the Peace Fund. The meeting may welcome the progress made in developing the consensus position and encourage the speeding up of the remaining steps for resuming the engagement of the UNSC on accessing UN assessed contributions for AU led peace support operations.