A STREAM CANNOT RISE ABOVE ITS SOURCE: FINANCING OF AFRICA’S REGIONAL INTEGRATION

By Janah Ncube and Achieng Maureen Akena

What is the Source of Money for the African Union?

On Monday 15 October 2012, Dr Nkosazana Dlamini-Zuma began her tenure as the Chairperson of the African Union Commission (AUC). Her election at the African Union (AU) July 2012 Summit preceded a long drawn and somewhat not so fluent appointment. Her election ushered in the first female Chairperson of the African Union Commission (AUC) and its predecessor the Organisation of African Unity. The election’s controversy unfortunately, overshadowed other important issues that were discussed and decided upon by this Summit. Of great concern to us is the funding of the AU which is the key driver of Africa’s integration and developmental agenda.

The July 2012 Summit also approved the 2013 Budget of the African Union totaling USD277 million with contributions as follows:

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Amount in USD</th>
<th>% of total budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>AU Member States</td>
<td>122.8 million</td>
<td>44%</td>
</tr>
<tr>
<td>Development Partners (Donors)</td>
<td>155.3 million</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td><strong>277.1 million</strong></td>
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Of the amount that the African governments are contributing, only $5.3 million goes towards programs of the AU while 96% goes to operational costs. This amount is actually 1.9% of the total budget. The total operational cost is covered by the Member States. For the programs budget, the table below illustrates that the cost of programming at the AU is borne by external donors.

Program costs for key AU institutions such as the Pan African Parliament (PAP), the Human Rights Commission (ACHPR), the African Court (AfCHPR), NEPAD, the Commission on International Law (AUCIL), the Anti-Corruption Board and the Committee on the Rights and Welfare of Children (ACRWC) are all being paid for by donors. In fact, there is no allocation at all from Member States towards costs for the ACRWC which has a mandate to promote and protect the rights of children in Africa. The newly constructed AU Offices and Conference Center facility were solely financed by the Chinese government at USD$200 million and the office building being constructed for the Peace and Security Council being financed by the Germany government at 26.5 million euro are also worth mentioning here.

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2 The total operational budget is US $117.4 million.
3 The overall budget for programs is US $160.7 million.
**He who pays the piper calls the tune**

While it is commendable that the operational costs are wholly covered by AU member states, it is quite disturbing that the integration and development agenda for this continent is being paid for by foreign resources. Who then, is really in charge at the African Union? Who decides what initiatives and developmental projects are to be embarked on? If our continental institutions and even our governments themselves obtain a majority of their funding from external donors, then, who really drives the African agenda? Who defends Africa’s interests in the global arena where these donors have great influence? During the AUC elections for the Chairperson, representatives of member states complained that there was some manipulation by some foreign governments – with such a picture, this would not be surprising. If someone is paying most of your bills why act surprised when they think it’s up to them to decide what goes on in your home?

The graph below illustrates how the AU cash inflows have transpired for 2011 and 2012. It had to operate with little over half of the required (budgeted) amounts. Due to the global economic downtown, donors only came up with 42% of what was expected from them. Is it wise to have the continent so beholden to donors?

![Graph illustrating AU cash inflows for 2011 and 2012](image)

The state of financing of the Union also calls into question the commitment to building a strong and viable institution when the AU functions each year with only 50-60% of its required finances. This inhibits its capacity to fulfill on its mandate and assist member states to meet the aspirations of African peoples. If it hurts to spend money on Africa we will continue undeveloped, poor, weak and beholden to those who toss their crumbs to us and strip us of our natural resources.

**African solutions to African problems?**

The AU has to wait on external funding before it can respond with peacekeeping missions to countries in crisis. 2011 saw several such situations such as Côte d’Ivoire and Libya. In both situations, the AU was unable to respond adequately or provide peacekeeping forces, and received heavy criticism for it, particularly from within the Continent. Even though there is change of leadership at the AUC, the new Chairperson may not respond any differently to crises situations if there are no resources to deploy the African standby force. 2012 has the situations in Mali, Somalia, Eastern DRC and Guinea Bissau to deal with, the growing insecurity in the Sahel region as a whole, as well as the persistent scourge of the rebel LRA forces which are causing displacement across 3 countries in central Africa. We can not champion our African solutions when we can’t pay for them.
**A tree is known by its fruit**

There is currently deep frustration among the citizenry of the continent who watch their leaders bi-annually fly huge delegations to AU Summits at large costs to their government. Government officials attend numerous AU meetings and conferences, and yet no obvious results from the AU. The AU not being able to fulfill its mandate hampers continental integration. It really does seem like the Regional Economic Communities like ECOWAS, SADC and EAC are more visible, relevant efficient and independent. One wonders why they would be willing to be subsumed into a seemingly weaker continental institution. One wonders how African Citizens are expected to know and be inspired by an AU whose results they don’t see.

**Who is paying up?**

Only five (5) countries contribute two thirds of the portion from AU member states. These are the so called “big five” and only 2 were paid up by mid-2012. If 5 out of 54 countries contribute 66% and the majority 48 countries contribute 34% what happens when one of these five countries fails to pay as Libya did in 2011 and 2012? In fact, Gaddafi in 2011 withheld Libya’s contribution to the AU because he was not pleased with the lack of progress on trajectory to the United States of Africa. When one of these five countries doesn’t pay up, the AU feels that pinch.

Only 11 (20%) of the 54 Member States had fully paid their contributions by mid-2012 with 19 countries owing for the current year and 24 (44%) having arrears from previous years. So when our countries do not pay up, how exactly is the AU supposed to operate? At this same Summit while reviewing the report of the NEPAD Planning and Coordinating Agency, the African Heads of States “deplored the low level of annual contributions from Member States for funding the NEPAD Agency operations with the implied continued reliance on Development Partners which hampers the Agency’s delivery and infringes on African ownership of the NEPAD agenda”. Whom exactly where our Heads of States and Governments so strongly criticising except the countries they lead? Where is the sincerity in this? If it hurts to spend the money we will not see any development taking place! How can NEPAD deliver when it’s not resourced?

Donor funds are not all about hidden agendas (although many times its about their interest) they are also about international collaboration, faith in a strong AU (Africa),

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4 Emphasis by authors
sense of responsibility towards Africa due to historic baggage. These are much appreciated but they cannot be our main source for funding our integration agenda. The current state of funding at the AU accentuates our concern, that Africa remains accountable to its donors and not its peoples and makes hollow the commitments to transform the AU into an institution that is people-centred.

**How serious are we about the AU?**

In a context where member states are failing to contribute to program costs, the AU has managed to secure some funding to run these programs, indeed this is commendable. But does the availability of sources from donors discourage member states from taking responsibility of their own initiatives? Is it that we do not take the AU seriously? Could it explain why since 1963, only 25 treaties out of the 42 adopted at the AU have come into force. And even those in force, the implementation at the national level is minimal and unfelt. Our national governments fail to comply with the African Union’s decisions on integration, development and people’s rights. The lack of accountability systems and monitoring the compliance of each African state has lead to the slow ratification and implementation of numerous African Union instruments. In the mean time, the gap between policies and reality keeps expanding. There are huge inequities between the urban and rural, rich and poor people; 2 out of every 5 men and women die of infectious diseases, 1 in 16 women dies at child-birth and 44 out of 54 countries currently import 25% of their food needs and over 300 million people are denied the right to food.

**If you have wealth, your voice is listened to**

Out-going Chairperson Dr. Ping at his last address to the Executive Council of Ministers in July 2012 pointed out that the AU has little legitimacy in claiming marginalisation in global politics when it is unable to be self-sustaining and depends on donors to support its programs. How legitimate is the ownership of the AU by member states? As citizens it frustrates us when we see African solutions and proposals being despised and ignored by the West; we saw it in Libya for instance and yet it is Africa that pays the prize when the west intervenes with their solutions for their interests. We recognize that the crisis in Mali for instance is a consequence of Libya. Africa’s voice remains weak and a whisper in the global arena and the AU which was set up to consolidate our voice and enable us to project Africa based on our synergies depends on the same international community to do its work.

**Africa, its time to put your money where your mouth is!**

Our continent faces increasing numbers of people living in deplorable conditions, unacceptable levels of underdevelopment after five (5) decades of independence, high unemployment, and high maternal mortality just to mention a few ills. We need to develop good infrastructure that not only connects our countries but connects farmers to markets so we can begin to feed ourselves and not import food when we have large tracts of agricultural land and most of our people as farmers.

If our governments and heads of states and governments are serious about tackling poverty, growing our economies and ensuring Africa catches up with the 21st century why is there no equivalent action in terms of funding for the AU? If all the time spent in these Summits, the talk, speeches, debates are not being backed up by money then surely our talk is cheap. Its time African governments put their money where their mouths are. Africa should take responsibility of the institutions Africa has created. Don’t just talk, talk and back that talk with money. A stream cannot rise above its source. If you expect results, effectiveness and efficiency at the AU, release the resources!
**Its time to look inwards, at what Africa has**

Africa has great wealth, oil, gold, diamonds, wood, coltan, water, agricultural land, gas, precious stones, and young people and yet we are so poor every year we go to bow to the Chinese, the Europeans for more loans. Its time to clean up our act and re-organise how we utilize and manage our resources. Our natural wealth should not enrich a few but benefit all.

The first place to start is with dealing with corruption and the illicit flow of money from Africa. Since 2000, Africa is loosing close to USD50 Billion annually with a large portion of this from the extractive industries. Nigeria alone has been loosing USD5billion dollars of oil money per year. The AU-Anti Corruption Board which was set up to look into such issues is incapacitated and needs member states to support it deal with this enormous problem. Former President Thabo Mbeki is leading a High Level Panel looking at the illicit flow of finances from Africa. Recommendations from this panel need to be implemented.

In 2011 the AU established a High Level Panel on Alternative Financing which is led by former President Olusegun Obasanjo of Nigeria. The Panel has made recommendations for possible financing options for the AU, for example from levies on international travel, imports or smses. ECOWAS’ financial situation improved considerably with the introduction of its Community Levy. ECOWAS has the right to directly deduct a percentage of customs income placed on taxable value of goods imported into the Community from third countries and marketed for consumption. To do so, ECOWAS holds bank accounts in all member states where this customs levy is automatically deposited. This measure has improved internally-generated income significantly. In 2008 for instance, the ECOWAS budget was apportioned to the community levy (78%), member states contributions (5%), donors (16%) and other income (1%). Only 56% of the expected income was received by ECOWAS. Of this, 81% was provided by the Community Levy. Some member states such as Nigeria, a major contributor to the ECOWAS budget, did not pay anything in 2008 and donors did not fully pay in their commitments but due to own finances ECOWAS was able to carry out 68% of planned expenditure. UEMOA, ECCAS and CEMAC are the other regional economic communities that have been implementing the levy on imports from non-member countries with some degree of success.

Initiatives of own financing will go a long way to providing sustainable ‘own’ resources for the AU. However, this does not absolve our countries from ensuring that they pay for our integration agenda, its benefits are desperately needed on this continent.

**Conclusion**

Paying for our institutions is about self respect. Africa paying for the AU will prove our seriousness about making African institutions work for Africa. The AU exists as a mechanism that helps us drive our collective development and a better life for African peoples. This better life for all will remain a dream if the river source is not opening up and pouring its waters to the streams that water our development. Its time to take the AU seriously, its time for Africa to resource its institutions.

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