Annex

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Support to African Union Liaison Offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EUR 7,388,321 (USD 10,122,000)</td>
</tr>
</tbody>
</table>

Indicative budget to be financed by the Joint Financing Arrangement African Union Liaison Offices

Of which **EDF contribution of EUR 3,600,000**

Other possible source of funding amount to EUR 4,326,380 (USD 5,927,141) from Denmark, Sweden, Norway, UK

<table>
<thead>
<tr>
<th>Aid method / Method of implementation</th>
<th>Project approach – either direct centralised (grant) or joint management (contribution agreement) pending decision on interim measures until AU institutional assessment is finalized.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAC-code</td>
<td>n.a.</td>
</tr>
<tr>
<td>Sector</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

Since 2002, the AU has gradually emerged as a major political and security actor, engaging in political initiatives, policy development and concrete actions. As a structural, long-term response to the peace and security challenges on the continent, a comprehensive African Peace and Security Architecture (APSA) is being developed providing a continental-wide framework for preventing, managing and resolving conflicts and supporting peace building.

The build-up of the APSA has made substantial progress and achieved a certain level of operationalisation. Many partners, in particular the EU, have been supporting this process since its early days. The operationalisation of APSA is now a joint priority under the Africa-EU Partnership on Peace and Security within the Joint Africa-EU Strategy.

The African Union Commission, and in particular its Peace and Security Department, represents the central entity providing strategic orientation and support to all relevant APSA structures and policies and its functioning has a direct impact on the whole continental sector of Peace and Security.

The AU Liaison Offices in post-conflict countries respond to one of the key objectives of the African Union which is the promotion of peace and security. There are currently twelve Liaison Offices - in Burundi, Chad, the Central African Republic (CAR), the Comoros, Côte d'Ivoire, the Democratic Republic of Congo (DRC), Guinea-Bissau, Kenya (for Somalia), Liberia, Sudan (Juba and Khartoum), and Western Sahara. Their individual mandates are provided by the Peace and Security Council (PSC) and are overseen by the Peace and Security Department (PSD).
The Liaison Offices provide a mechanism for representing the AU on the ground in countries affected by, or emerging from, crisis and conflict. They also provide a vehicle for monitoring fragile situations and contributing to the AU's decision-making bodies and the Continental Early Warning System (CEWS) and, as such, feed into the African Peace and Security Architecture (APSA).

The rationale for the AU Liaison offices draws from the increasing involvement of the AU in the prevention and management of conflicts where the need for an effective physical presence on the ground is evident. In addition, most, if not all, of the peace agreements signed over the past years in Africa provide for the establishment of follow-up mechanisms, in which the AU should take an active part along with other actors. The daily functioning of these follow-up mechanisms requires that the AU establish a presence on the ground. The AU has also accepted a role in post-conflict reconstruction and development (PCRD), which is also facilitated through having an appropriate presence on the ground. Finally, as the paramount international organization in the continent, it is important that the AU increase its visibility and demonstrates solidarity to countries in/or emerging from crisis.

2.2. Lessons learnt

Fully in line with the Paris Declaration on Aid effectiveness, the European Commission has actively contributed to establishing a Joint Salaries Financing Arrangement for African Union Commission (AUC) personnel in the Peace and Security Programme in 2010. The European Commission considers that establishing the proposed Joint Financing Arrangement for AU Liaison offices will contribute considerably to an improved predictability and coherence of the external financial support to the AUC in general and will increase AUC efficiency in relation to financial management and reduce its administrative burden considerably. Moreover, it will increase transparency towards partners support to the AUC.

The proposed Joint Financing Arrangement is fully aligned with AUC strategic priorities and annual work plan in Peace and Security and is based on an AUC institutional strengthening plan for the AU Liaison Offices. The arrangement has been developed through a closely coordinated effort among interested International Partners and the AUC and it is foreseen that a Steering Committee will be established with representatives of the AUC and Contributing Partners to provide strategic leadership on matters related to the arrangement.

2.3. Complementary actions

Within the African Peace Facility, 10th EDF, an envelope of EUR 65 000 000 has been allocated to the operationalisation of APSA including strengthening of capacity and the effective functioning of various elements within or related to APSA.

The European Commission is a main AUC partner and has supported the AUC Peace and Security Programme on a continuous basis since 2004 through several African Peace Facility (APF) Contribution Agreements and an Operating Grant.

Most Regional Strategies and Indicative Programmes under the 10th EDF include a substantial political integration component, including peace and security aspects; a substantial part of this support will be devoted to APSA at the regional level.
Coherence and complementarity is further ensured with regard to the ongoing European Union-funded EUR 55 million AU Support Programme, which provides overall institutional and capacity building support to the AU.

In addition to financial support to AUC, institution and capacity building through the African Peace Facility or other funding sources, the European Commission has also been providing technical assistance in the field of financial management for several years.

2.4. **Donor coordination**

In 2011, the AUC requested the AU Partners Group on Peace and Security (AUPG P&S), to coordinate partners' effort to establish a joint financing mechanism. The aim would be to enable the African Union Commission to fulfil its mandate relating to the prevention, management and resolution of conflicts in Africa through a presence on the ground.

Such a joint financing mechanism will enable the AUC to maintain an effective and sufficiently resourced system of Liaison Offices in post-conflict countries.

The discussions between International Partners and the African Union Commission on such a joint financing mechanism have led to the establishment of a detailed Joint Financing Arrangement (JFA).

Within the framework of the AUPG P&S, this JFA was signed by five AUC development partners, namely Denmark, Sweden, Norway, UK and the European Commission, on 11 November 2011. All signatories have thus committed to respect the mechanism as the coherent and single framework through which all support for the AU Liaison Offices in post-conflict countries will be channelled in the future (no parallel bilateral financing).

3. **DESCRIPTION**

3.1. **Objectives**

The overall purpose of the Liaison Offices is to contribute to the fulfilment of the African Union's mandate relating to the prevention, management and resolution of conflicts in Africa.

3.2. **Expected results and main activities**

The overall expected outcome of the programme is an effective and efficient system of Liaison Offices in selected countries with sufficient staffing, financial resources, logistics and management to enable each Office to fulfil the mandate given to it by the Peace and Security Council (PSC).

The programme has two sets of outputs: the first relates to the standard operations of the Offices as specified in their mandates and work plans. Meanwhile, the second set of outputs relates to the institutional strengthening of the offices in response to the recommendations of the external review, internal audit, and PSD retreat.
The main operational outputs common to all of the Liaison Offices are:

1. Regular monitoring reports to AU Headquarters on political, security, economic, social and humanitarian developments taking place in their host countries and areas of deployment.

2. Support to the follow up mechanisms provided for by peace agreements and their implementation.

3. Monitoring reports on the implementation of PSC decisions at local level.

4. Support to post conflict reconstruction and peace building activities and initiatives, and

5. Representation and public diplomacy to enhance the visibility of the AU and AU initiatives.

As the mandates of the Liaison Offices differ due to the circumstances in the host country, outputs will be developed for each Office reflecting the PSC’s requirements and instructions from the Peace and Security Department. These outputs will be specified in multi-year work plans and the annual tasking letter from the Commission.

The main outputs set out in the African Union Liaison Offices (AULO) institutional strengthening implementation plan are:

1. AULO mandates reflect the context in the host country and resources available

2. AULOs are fully linked to AUC HQ policy, finance & administration.

3. AULO deliverables have acceptable standards for quantity, quality and timeliness.

4. All AULOs are integrated into AU financial and budgeting systems.

5. Regular audit is undertaken of all AULOs.

6. Staffing of all AULOs reflects mandate, context, gender balance & regional factors.

7. AULOs have sufficient logistics assets to fulfil their mandates.

8. Profile and visibility of all AULOs reflects AU status.

9. All AULOs have minimum safety and security standards in place.

10. AULOs are fully accessible & able to communicate in real time.

Most of these outputs also correspond to the institutional transformation process within the AU Commission. The first four outputs will enable a results based management approach to be embedded within the Offices and provide the basis for multi-year outcome-based planning.
3.3. **Risks and assumptions**

A basic assumption of this programme is that there will be a continued political requirement for the existence of AU Liaison Offices. It is also assumed that the precise need and scope of a Liaison Office can be expected to alter over time as the situation in the host country changes - and that its mandate will thus require periodic adjustment under the authority of the PSC. This adjustment will have staffing and budgetary implications. Ultimately, as has been shown in the past, the need for a Liaison Office may cease and the PSC will then decide to terminate the mandate. An underlying assumption is that the AUC will provide advice to the PSC in these cases and that exit strategies will be prepared in advance of any such decisions.

The main risks associated with the AULO concern the impact of budgetary or other constraints that will lessen their overall effectiveness, either in terms of impact or speed of implementation. In the worst case, failure to fully implement structural changes will serve to perpetuate the system's current faults. This will limit the overall cost and operational effectiveness of the Liaison Offices as organs of the AU. To mitigate this risk, the AUC has developed an institutional strengthening plan. This plan includes the establishment of a Task Force to oversee the process and the urgent designation of the AULO Focal Point within the Peace and Security Department to provide daily contact with the Offices as well as the early promulgation of clear annual tasking and work plans. This plan will also ensure deeper structural improvements needed for a sustainable system, including improved financial management and accounting standards by the AU as a whole. The Liaison Offices focal point in PSD will actively monitor the risks attached to the project and significant changes will be reported to Partners during the regular Joint Financing Arrangement (JFA) meetings.

3.4. **Crosscutting Issues**

The establishment of the JFA AULO provides for a permanent structured dialogue (within the framework of the Steering Committee) with regard to the AUC institutional strengthening plan. It therefore leads to a considerable increase of transparency towards partners in this regard, but even within the institution itself. Moreover, the predictability of funding ensured through the mechanism will enable the AUC to improve its strategic planning and management, and thereby strengthen governance in the organisation.

3.5. **Stakeholders**

The main beneficiary of this support is the African Union and its Liaison Offices in post-conflict countries.

4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

The AUC together with interested partners has signed on 11 November 2011 a JFA, which sets out the rules and procedures for the functioning of the pool-funding mechanism. This document is not legally binding.
The EU shall deliver its aid to this action through a Contribution Agreements under the system of joint management or via a Grant Agreement under direct centralised management.

In the case of centralised management, it will be in accordance with Article 25 of Regulation (EC) No 215/2008 on the financial regulation applicable to the 10th European Development Fund.

In the case of joint management, it will be through the signature of an agreement with the African Union Commission in accordance with Article 29 of the Regulation (EC) No 215/2008 on the financial regulation applicable to the 10th European Development Fund. If the international organisation does not comply with the criteria provided for in the applicable Financial Regulation, the support for the individual intervention will be channelled through grant agreement under direct centralised management.

4.2. Procurement and grant award procedures

For activities to be implemented under centralised management EU procedures apply:

(i) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the Financial Regulation applicable to the 10th European Development Fund. For the present action, participation will also be extended to persons from the following countries: Member states of the African Union.

(ii) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation (FR) applicable to the 10th EDF. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the FR applicable to the general budget of the EU and in Article 109 of the Council Regulation on the FR applicable to the 10th EDF.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.
For activities to be implemented under joint management, all contracts implementing
the action are awarded and implemented in accordance with the procedures and
standard documents laid down and published by the relevant International
Organisation.

4.3. **Budget and calendar**

On 10 June 2011 the AU has requested APF financing for this action amounting to
EUR 3 600 000 for 12 months.

The costs of operating and enhancing the Liaison Offices, as included in the AUC
programme budget for 2012, are approximately USD 10 122 000 (EUR 7 388 321)
and include both AU Member State and partner contributions. The budget represents
a ceiling and the allocations to specific offices will be adjusted to reflect the outcome
of the mandate and staffing review to be undertaken in 2012.

The EDF contribution to this action is amounting to EUR 3 600 000 , covers only
part of the total budget required. The total budget estimate for the action for the year
2012 is indicated below:

<table>
<thead>
<tr>
<th></th>
<th>C1 - Staff related costs</th>
<th>C2 - Programme related costs</th>
<th>C3 - Office Operational costs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD</strong></td>
<td>6 947 235.74</td>
<td>455 433.3</td>
<td>2 719 330.96</td>
<td><strong>10 122 000</strong></td>
</tr>
<tr>
<td><strong>EUR</strong></td>
<td>5 070 975.00</td>
<td>332 433.0</td>
<td>1 984 913.00</td>
<td><strong>7 388 321</strong></td>
</tr>
<tr>
<td><strong>Total USD</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>10 122 000</strong></td>
</tr>
<tr>
<td><strong>Total EUR</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>7 388 321</strong></td>
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The implementation duration of the programme is 12 months from 1 January 2012 to
31 December 2012. The closure phase will not exceed 24 months following the end
of the implementation period.

In order to prevent delays and avoid gaps in funding, the AU may pre-finance
activities, in accordance with Art. 19 of Annex IV of the Cotonou Agreement.
Retroactive financing may be granted in accordance with art. 6.2 of the three-year
annual action programme of the APF (COM decision n° FED/2008/021-051).

Contingencies can be used with the prior written (by letter) authorisation of the
European Commission upon a duly justified request from the AUC. Prior to
disbursement of the first instalment of the first work plan the AUC will open a
separate bank account used for the receipts and the payments related to the
programme.

4.4. **Performance monitoring**

The African Union Commission (AUC) will monitor the overall implementation of
the project. As implementing partner, the AUC will assume its obligations regarding
information, financial and narrative reports, as specified in the JFA and the Special
Conditions of this contract. The AUC will bring to the attention of the European
Commission any other issues which are relevant for the implementation of the
operation.
Moreover, the overall implementation will be monitored by a Steering Committee. This Steering Committee will consist of relevant representatives of AUC directorates as well as nominated representatives of the Contributing Partners. It will meet at least twice a year and will be chaired by an AUC representative. The Steering Committee will be the decision-making body for all issues regulated by the JFA, and will receive regular updates by the AUC with regard to the ongoing AUC restructuring and related recruitment process.

The EU Delegation to the African Union will represent the European Commission in the Steering Committee and will be responsible for conducting the day-to-day monitoring required by the European Commission.

Narrative reporting on this Arrangement will be results-based and in line with the existing Joint Arrangement signed between the AUC/PSD and its International Partners with regard to joint narrative reporting. Accordingly, narrative reports will cover the progress made and results obtained within each AULO, as measured by the performance indicators determined in the Work Plan.

4.5. Evaluation and audit

It is foreseen in the JFA that at the end of each AUC budget year a review of the mechanism will be made by the Steering Committee. In addition, a formal joint evaluation can be organised anytime.

The AUC will arrange a financial audit of the JFA mechanism to be undertaken by an external internationally recognised firm on an annual basis. Copies of the audit reports will be provided to contributing partners, and audit costs are included in the budget of the action.

4.6. Communication and visibility

There exist a number of communication and visibility activities on the African Peace Facility, including capacity building initiatives: a brochure, an annual report and a promotional video (English and French versions available). The APF website (http://ec.europa.eu/europeaid/peace-facility) contains updated information and links to the AU website. Additional activities will be implemented by the Commission under centralised management, in accordance with 10th EDF rules and procedures, funded from the APF Three Year Action Programme.

Furthermore, the JFA clearly states that the AUC will make public partners' support for this programme.