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Addis Ababa, ETHIOPIA P. O. Box 3243 Telephone: +251 11 5517700 Fax: +251 11 5517844  
Website: [www.au.int](http://www.au.int)

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SC17375

**EXECUTIVE COUNCIL**  
**Twenty-Ninth Ordinary Session**  
**10 – 15 July 2016**  
**Kigali, RWANDA**

**EX.CL/982(XXIX)**  
**Original: English**

**OUTCOME OF THE RETREAT OF THE EXECUTIVE COUNCIL  
HELD IN NAIROBI, KENYA ON 6 AND 7 2016**

*You cannot continue to enslave a mind that knows itself, that values itself, that understands itself. Wangari Maathai*

**OUTCOMES DOCUMENT OF THE 4<sup>th</sup> MINISTERIAL  
RETREAT OF THE EXECUTIVE COUNCIL  
Nairobi, Kenya. 5-7 May 2016**

**Introduction**

1. The first Ministerial Retreat of Executive Council agreed that the dream of an Africa that is integrated, peaceful and prosperous is achievable, provided that we construct this future, based on actions taken now.

2. Subsequent retreats of the Executive Council (held in Johannesburg in June 2015 and Mek'elle in January 2016) reviewed progress on the implementation of Agenda 2063, focusing on strategic interventions necessary to speed up transformation at continental, regional and national levels. The Retreats monitor trends, threats and opportunities on the continent and the world, the implementation of Agenda 2063 flagship projects and priorities, engages on institutional issues such as the Streamlining of the Business of the AU, the Restructuring project, Financing the Union, and mainstream issues that may have been neglected, such as the case of Wildlife Conservation and Tourism.

3. The 4th Ministerial Retreat of the Executive Council took place in Nairobi, Kenya from 5-7 May 2016, with Ministerial or Deputy Minister level representation from:

Algeria, Angola, Benin, Botswana, Burundi, Cameroon, Cote d'Ivoire, Democratic Republic of Congo, Congo, Djibouti, Equatorial Guinea, Egypt, Ethiopia, Eritrea, Gabon, Gambia, Ghana, Guinea, Kenya, Lesotho, Liberia, Libya, Mauritius, Malawi, Mozambique, Namibia, Nigeria, Niger, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Sudan, Tanzania, Togo, Zambia, and Zimbabwe, and with other levels of representation from Benin, Burkina Faso, Eritrea, Saharawi Republic, Tunisia, Uganda.

Also present were the Executive Secretaries of COMESA, IGAD and SADC, with representation from EAC, ECCAS and ECOWAS. The UN Economic Commission for Africa was represented by its Executive Secretary and Deputy Executive Secretary; the Executive Secretary of the African Capacity Building Foundation attended and the African Development Bank was represented through its East Africa Regional Representative.

4. The Nairobi Retreat was convened to *allow for in-depth discussions on the paradox of rich Africa, poor Africans, on changing mind-sets and other relevant issues*. The agenda of the Retreat therefore focused on the African Paradox, Agenda 2063 and the African Integration Index. A meeting of the 2<sup>nd</sup> Bahir Dar Ministerial Follow-up Committee was held on the side lines of the Retreat, chaired by the Foreign Minister of Namibia, and reported to the Retreat.

## **The African Paradox: Our People's Aspirations must Guide us**

5. The Nairobi Retreat acknowledged the African Paradox as the systemic inconsistency between a continent with a young, growing and fast-urbanizing population, rich natural resources and productive land, and yet the countries that make up its territory are counted amongst the least developed in the world, and its people amongst the poorest. The continent's riches include renewable resources (water, forests, oceans, fauna, flora and diverse ecosystems) and non-renewables (minerals, gas, coal and oil); which should be used to build shared and sustained prosperity for current and future generations of Africans.

6. The paradox of today is rooted in the historical subjugation and exploitation of Africa for its human and natural resources through the transatlantic slave trade and colonialism. Post-independence, this relationship between Africa and the developed world is maintained through a complex and sophisticated web of policy prescriptions; a prejudicial global system of trade, capital and economic power; and a relationship with former colonies that guarantees a secure flow of raw materials and capital, including trained human capital and a fragmented continent. This has left Africa politically and economically fragmented, and with its infrastructure, economies, services and skills geared towards its primary function as exporter of raw materials and importer of finished products.

7. The Pan African vision of a united and integrated Africa, of an African Renaissance that sees the continent and its people once again taking their rightful place amongst the world's great civilizations, was therefore a direct opposite, an antithesis of this paradox. It therefore remains the bedrock of our vision for the future, as set out in Agenda 2063, towards an Africa that is integrated, prosperous, peaceful and people centred, and that plays a dynamic role in the world.

8. The Retreat reviewed the contemporary manifestations of the African Paradox, noting the following:

- The efforts by the continent starting in the 1990s, as the Cold War and apartheid in Namibia and South Africa ended, to wrest back control over its destiny working to end seemingly intractable conflicts, to redefine its relationship with the world through NEPAD; a refocused agenda on social and economic development after the dead decades of development of structural adjustments and bringing an end to the cycles of military dictatorships and coups.
- The transformation of the OAU into the African Union, signalling a renewed commitment to the Pan African project of integration, self-determination, solidarity and self-reliance.

- The manifestations of globalisation in its current forms, including the information, technology and communications revolution, the dominance of finance capital, the growth of the knowledge economy, climate change and the decentralisation of production. Within this, whilst Africa accounts for 15% of the world's population, it represents only x% of global GDP.
- The developments in Africa with sustained growth of 5% over a decade, efforts to expand access to education, tackle infant and maternal mortality, as well as HIV, Malaria and Tuberculosis, and address the infrastructure backlogs and its fast-growing urban centres.
- The renewed African effort to change the trajectory of African social and economic development, which started with the NEPAD programme, other continental sectoral frameworks adopted by the AU, and culminating in Agenda 2063 as a 50-year programme of transformation.

**9.** The Nairobi Retreat noted that we are at a particular moment in the development of the continent, and highlighted the following critical economic indicators:

- Sustained growth of 5% over a decade, falling to around 3-4% during 2015/2016 as a result of the commodity bust cycle, and the drought in some regions. During the period, Africa maintained at least four countries amongst the ten fast growing economies in the world. And yet, the growth rate in the continent is still below the tipping point of 7%, required for effective transformation, as is the case with Africa's closest comparator, India.
- A growing working and middle class, but growing inequalities with five African countries counted amongst the most unequal in the world, and we are the second most unequal region after Latin America.
- Africa is the least indebted continent in the world, with average debt to GDP ratio of 37%, which during the commodity crisis only increased by 2%.
- African growth trajectory is moving in the right direction with industry contributing 18% to growth, as against 16% by agriculture, transport 16% and services with 14% increase.
- Expenditure on infrastructure is moving in the right direction, with public expenditure increasing at higher levels than general expenditure, and just over the last three years increased from 50 billion USD to 90 billion per year.

- Domestic savings remain low and is in fact decreasing, standing currently at 22% as against average domestic savings of 46% for East Asia. Africa has amongst the lowest fiscal pressure in the world, with a tax level standing at 18%, as against global average tax rates of 35%. This is as a result of weak and inefficient tax systems and institutions, over-reliance on customs and undervalued tax base. There are a few countries who are working to address these issues<sup>1</sup> and that are recording progress, which can be used to learn lessons from.
- At the same time, there are great opportunities to push ahead on domestic resource mobilization, by strengthening tax and public revenue systems, reversing illicit financial flows, investments of foreign held reserves in the continent or at better rates of return elsewhere, capitalization of diaspora remittances, etc.

**10.** On industrialization and economic diversification, in the context of Africa's natural resources, the following issues were noted:

- Africa's abundant natural resources are not a curse, if it can be used to spur industrialization, economic diversification, shared prosperity and social development.
- Because of our continued reliance on exports of raw or little processed materials, commodity cycles of boom and bust heavily impact on African development.
- Over the last decade, innovative initiatives are being taken at country and regional levels to rebuild the capacity for industrial policy and implementation destroyed during the era of structural adjustment, at a slow pace, but with important lessons.
- The current focus on industrialization takes place in the context of changing global regional value chains; as a later-comer, it provides us with unique challenges as well as opportunities.
- The African Mining Vision and the creation of the African Minerals Development Centre, provides a framework for countries to negotiate better terms and contracts for their natural resources; but the continent still lacks adequate capacity and skills to effectively monitor and manage these sectors. It was noted that less than 20 universities provide mining

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<sup>1</sup> Tunisia, Rwanda, South Africa, Cameroon and Cote d'Ivoire

engineering degrees, and this is one of the critical capacities required for Agenda 2063 focus on industrialization.

- In the same vein, Africa currently has limited capacity for mapping its natural resources, whilst noting initiatives by others such as the World Bank to do this mapping, and the dangers posed by such a process proceeding without African ownership.
- Africa on average currently only adds 15% value to its natural resources, there is therefore a need for concerted efforts across the continent to up this to 30%, which can result in the creation of up to 7 million jobs.

**11.** The Retreat also examined what role Africans and her leadership play in the perpetuation and reproduction of the paradox, and noted the following contributing factors:

- Weak institutions, poor governance and management, which weakens strategy, policy coherence and implementation at national, and by implication regional and continental levels.
- Corruption and rent-seeking behaviour, which sees contract negotiations behind closed doors that is not in the national interests; revenues not being utilised to develop our countries.
- Slow progress of integration, especially on such matters as infrastructure development, investment policy and regulations, the creation of continental financial institutions, which results in unhealthy competition and a drive to the bottom in negotiations and hampers intra African trade and production.
- Weak culture of learning from our own experiences, from each other in the continent and best practices in the world, and the strategic savvy and determination to adapt these to suit our national and regional conditions.

**12.** *The Retreat therefore*

- a) Urge that the presentations on the African paradox be done to different audiences, so that we engage our continental leadership, different sectors and the citizenry in the resolution of the paradox, as we implement Agenda 2063;
- b) We must take responsibility for our condition, and the need for cleaning ourselves from the inside: political will and determination, change of mind-set, fighting against corruption and impunity; and acting on our decisions;

- c) Focus on domestic resource mobilisation, including the potential of a 1% increase in taxes for raising revenue for infrastructure, education, skills and other Agenda 2063 national and regional priorities; and other initiatives referred to above;
- d) Advancing the industrialisation agenda, raising value addition to 30%, finalisation of the continental Commodity strategy, developing our industries using 'smart protectionism' and learning from experiences and from other countries.

### **The African Integration Index**

**13.** Integration has been at centre of the Pan African project, throughout the different phases of African development. In the context of the mission of the African Union and Agenda 2063, monitoring progress and pushing ahead with strategic interventions are therefore critical. The commitment to integration, taking place in the context of Pan Africanism, needs to be translated into tangible indicators that will allow for monitoring of progress and as a guide to action. Therefore, the development of the Index is aimed at providing a dashboard on the key pillars of the African integration project.

**14.** The Nairobi Retreat noted that the African Integration Index is a joint project between the three continental institutions, the AU Commission, UN Economic Commission for Africa and the African Development Bank, aimed at providing a reliable, structured and systematic instrument for the measurement of integration on the continent.

**15.** The Index uses the eight Regional Economic Communities (RECs) as the units of analysis, comparing and ranking countries within each RECs based on the following five dimensions, with 16 indicators spread across these:

- Trade Integration;
- Regional Infrastructure Integration;
- Production Integration;
- Free movement of People;
- Financial and Macro Economic Integration.

**16.** As a baseline, the first Index shows that average scores of RECs on regional integration stands at less than 50%, with the East African Community as the top performing REC across each dimension of regional integration, except for Financial and Macro-economic integration. EAC is followed by SADC and ECOWAS, with SADC having above average scores on Regional Infrastructure, Free movement of People, and Financial and Macro economic integration; and ECOWAS with higher

than average scores on free movement of People and Financial and Macro Economic Integration.

**17.** Of the five dimensions, we are faring best on trade integration, which has been a longstanding priority across all RECs, and the worst on financial and macroeconomic integration. Average scores are closest together on regional infrastructure and Productive integration, and RECs are further apart in the Free movement of people, with protocols signed, but with varied implementation on the ground.

**18.** The Index lists the following top countries on regional integration, with 'deep and broad' integration scores: Cote d'Ivoire, Kenya, South Africa, Togo, Uganda, Botswana, Zambia, Uganda, Namibia, Djibouti, Senegal and Egypt.

**19.** The Retreat discussed the Index and progress with Integration, by highlighting the following issues:

- The Role of RECs in regional integration, to strengthen their role as building blocks for continental unity and ensure effective mechanisms to facilitate their inputs into the continental agenda.
- Examining the reasons for the slow progress of regional integration.
- The importance of mainstreaming integration into national development plans.
- Tracking should not just focus on ranking, but also effort and progress made.
- Educating, informing and ensure popular participation by the citizens in the process of integration and the link to national development and the eradication of poverty.
- As we integrate, we should rationalize existing structures and consolidate and build on this.
- Consider other indicators or dimensions such as innovative financing and investments.
- The Index should be annual or bi-annual, allow for learning from experience of best practice, and including from countries that may be lagging behind on some dimensions.
- Capturing data from Saharawi Republic.



- Member states should become champions of the different dimensions of integration, with different engines at regional levels.

**20.** The Retreat agreed that there is a need for a validation workshop of the three institutions, with the RECs and the NEPAD Agency, for presentation of the Index to the Summit.

### **Innovative strategies for the implementation of Agenda 2063 and Flagship projects**

**21.** The Retreat received presentations, focusing on the following different aspects of innovations to ensure implementation of Agenda 2063.

**22. Professor Calestous Juma** noted that Africa's 50-year vision, Agenda 2063, provides opportunity for long term planning, and starting long term projects today, as well as opportunity to decide on which demographic segment to focus on.

Short-term planning before meant we have become stuck in the extractive sector and extractive approach to planning, but we need to move towards building learning economies, open to new ideas, new approaches, learning by doing and learning from others.

Wealth comes from investments in people, and with 75% of Africa's population young and in educational institutions, this is the demographic segment that we must impact on, as a critical entry point for embedding our Agenda 2063, who can drive new thinking and as owners of the future.

The continent must also do the necessary in building its science, research, technology and innovation capacities, using and expanding existing capacities in research institutes and universities.

Education is critical to transformation, countries that educate and skill their population begin to see the impact within one generation.

Involving the Diaspora also requires innovative approaches, such as encouraging groups of universities to open international offices, and involving them in changing the structure of continental education and other national projects.

Professor Juma announced that he will run an Executive Programme for Ministers on Science, Technology and Innovation.

**23. Professor Mabel Imbuga** provided insights, using the seven aspirations of Agenda 2063, on what is possible in the Blue economy, Water Management and Agriculture and Agro-processing.

On the Blue Economy, it is a major renewable resource, and we must therefore invest more in marine and aquatic bio-technology; growth of an Africa-wide shipping industry using the Airbus production model; promoting sea, river and land transport and fishing; explorations of deep sea minerals and other resources; and how our oceans and seas can be used to address our water scarcity.

Innovative examples of Water management including dams, water pans, municipal water recycling, farming irrigation, including drip irrigation, and green houses.

A range of innovations in agricultural productivity, science and technology, dealing with post-harvest losses, value addition and product development, other food stuffs (such as the Mopani shrimps), clean and renewable energy and gender sensitive, low cost mechanization.

For all the above, we need a critical mass of skills, such as the AU Pan African University as a flagship project in this regard, as well as institutions such as RUFORUM.

**24. Mr. Sindiso Ngwenya** focused on the key institutional and governance issues that present impediments to implementation and domestication, including attitudes of public servants, duplication of structures, countries not popularizing the decisions that they take in RECs and the AU, legal systems that continue to make ratification difficult, and the need to rationalize structures and streamline reporting across Member States, RECs and the AU around common indicators and outcomes. Ensure principle of subsidiarity in the implementation of the AU Agenda 2063 and the 10 year priority program.

**25.** Ownership, responsibility and accountability critical, as well as transparency and inclusiveness in regional and continental policy formation and implementation and monitoring, so that we (present) prevent elitist integration.

**26. In the discussions of the Retreat, the following critical issues were raised:**

- Long view gives us an opportunity to take risks, and learn from experience to mitigate the risks.
- In addition to engineering skills, we also need a concerted focus on TVET, in order to build artisanal and technical skills critical to industrialization.

- Linking universities, research institutions and industry, so as to ensure relevance of skills, commercialization of research and other innovations from universities.
- Urgent need for curriculum reforms to address the 75% in educational institutions, and the need to convene a meeting of University Vice Chancellors to look at this issue.

### **Recommendations from the Meeting of the 2<sup>nd</sup> Bahir Dar Ministerial Follow-up Committee held on 6 May 2016**

**27.** The 2<sup>nd</sup> Bahir Dar Ministerial Follow-up Committee was reconstituted at the Mek'elle Retreat<sup>2</sup>, and endorsed by the 28<sup>th</sup> Ordinary Session of the Executive Council in January 2016. It held its first meeting on the margins of the Nairobi retreat on 6 May 2016. The session was chaired by the Deputy Prime Minister and Minister of Foreign Affairs of Namibia.

**28.** The Committee received a report from the AU Commission on Implementation of Retreat recommendations, since the 1<sup>st</sup> Bahir Dar Retreat and on the Agenda 2063 Flagship projects. The meeting noted the reports from the Commission, appreciated the modest progress made in implementing retreat recommendations and raised a concern that the reports focus on processes, rather than impact and therefore provide insufficient basis for analysis of progress and thus interventions required.

### **Recommendations**

- a) **On the mandate and terms of reference of the Follow-up Ministerial Committee on Agenda 2063 of the Executive Council:** the Committee is to monitor implementation of the Agenda 2063 First Ten Year Implementation Plan and Flagship programmes by Member States and RECs, whilst maintaining its informal nature to facilitate frank discussions.

A subcommittee of Ministers was established to develop terms of reference of the Ministerial Committee in line with its mandate, for presentation to the Executive Council at July 2016 Summit in Kigali. Noted poor attendance from Ministers, to the Nairobi Retreat and

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<sup>2</sup> The Membership of the 2<sup>nd</sup> Bahir Dar Ministerial Follow-up Committee are the five rotational Ministers from Member States representing regions (for the period January 2016 to January 2017: Algeria, Burkina Faso, Cameroon, Namibia, and Rwanda), the Chairperson's of the RECs, Chairperson of the AU Commission, Executive Secretary of UNECA, President of the African Development Bank, CEO of the NEPAD Agency and Executive Secretaries of the RECs.

recommend the matter to be addressed at the next Executive Council meeting.

- b) **On financial self-sufficiency and sustainability:** notes that the Assembly Retreat of HOSG and Finance and Foreign Ministers on Finances may not take place before the next Summit, and thus requests the Chairperson of the Commission to write to Member states to voluntarily increase their assessed contributions within a time frame.
- c) **On Domestication and Popularization of Agenda 2063, Flagship Projects:** to strengthen and speed up this process, and to encourage country reports on domestication. All Member states, Organs and RECs must ensure popularization of Agenda 2063 amongst the African citizens and all sectors. Those bodies to share strategies on popularization of Agenda 2063 to the monitoring committee through regular reporting to the Commission.

The Commission was requested to strengthen the Reports tabled, and to distribute them as addenda to the Retreat report for information to all Member States.

- d) **On Streamlining Summits and Business of AU:** notes the improvements as a result of the resolution, but this needs to be strengthened and other elements reported on as work in progress.
- e) **Strengthening African Common positions:** need for the Commission, AU organs, Member States and AU Representative Offices in different capitals to respect AU Decisions and play a more active role to foster unity of purpose on African Common positions. Recommend that the Commission give feedback to the next Executive Council meeting on the decision taken at the Sandton Summit on the status of the AU at the UN.

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# Outcome of the retreat of the executive council held in Nairobi, Kenya on 6 and 7 2016

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