

**AFRICAN UNION**

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**STATE OF THE AFRICAN UNION**  
*(January 2020)*

## STATE OF THE AFRICAN UNION (January 2020)

### I. OVERVIEW

1. The discussion on the State of the African Union among Member States is particularly timely, in view of the emerging challenges and opportunities facing Africa and their direct impact on the future of the continent's population, as well as its role on the global scene. Hence the need for strategic reflection to identify priorities enabling Africa to actively engage with these dynamics and play its rightful role on the international stage.

2. Africa has made significant strides on many fronts, including economic, governance, peace and security, but still confronted with key challenges. This note sheds light on the State of the Union in several key areas, progress attained in the recent past, especially in the year 2019 that has elapsed, with a view to open the debate on how to progress in the coming phase. By their very nature, some priorities require an urgent consideration and interactive discussion between African Heads of State and Government.

### II. INTRA-AFRICAN TRADE

3. The year 2019 has been remarkable in terms of progress achieved on availing an enabling policy environment for boosting intra-African trade. The United Nations Economic Commission for Africa estimates that AfCFTA has the potential to boost intra-African trade by over 50 per cent by eliminating import duties, and to possibly double this trade if non-tariff barriers are also reduced. Currently intra-African trade stands at 15 percent.

4. Following the signing of the Agreement establishing the African Continental Free Trade Area (AfCFTA) in March 2018, in Kigali, it entered into force in May 2019, which was 30 days after the deposit of the 22<sup>nd</sup> instrument of ratification. As of January 2020, 54 African Union Member States had signed the Agreement, of which twenty-eight (28) countries had deposited their instruments of ratification with the Commission<sup>1</sup>.

5. H.E. President Abdel Fattah Al Sisi, President of Egypt and the Chair of the African Union, underscored that *"the entry into force of the AfCFTA marks a major milestone on the path to the Continent's economic integration. It establishes the largest free trade area in the world since WTO. It also paves the way for the continent's integration into the global economy."* Significant efforts are still needed in order to realize this single market of 1.2 billion people and \$2.5 trillion GDP. The Union still needs to (i) issue the final schedule of tariff concessions and outstanding rules of origin by February 2020; (ii) dismantle existing tariffs by 1 July 2020; (iii) operationalize the

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1. Burkina Faso, Chad, Republic of Congo, Côte d'Ivoire, Djibouti, Egypt, Eswatini, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Kenya, Mali, Mauritania, Mauritius, Namibia, Niger, Rwanda, Sahrawi Arab Democratic Republic, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Togo, Uganda, and Zimbabwe.

AfCFTA Secretariat no later than 31 March 2020; and (iv) conclude Phase II negotiations on Investment, Competition Policy, and Intellectual Property Rights by December 2020.

6. Going forward, important questions must be addressed. Intra-African trade will increase only if the private sector is fully engaged in trade under the AfCFTA. Businesses need to be made aware of the functioning of the AfCFTA. In 2019, a mobile phone application was launched with the aim of providing up-to-date information about the AfCFTA to the general public. Also, the first Intra-African Trade Fair was held in Cairo, Egypt, in December 2018, which gathered hundreds of African businesses, and enabled over USD 40 billion in trade deals in the 55 countries.

7. Trade finance is an important priority to consider in the future, where payment methods and lack of a common African currency makes trading across borders more complex, thereby necessitating the engagement of strong financial institutions. Furthermore, trade facilitation is of utmost importance. The AU Commission in 2019 has drafted a strategy on trade facilitation and customs support, which needs to be vetted closely against the realities in AU Member States to ensure that it responds to their needs as well as to the AfCFTA requirements. Capacity on the ground is essential for customs procedures and authorities, in terms of information, equipment, and training.

### III. REGIONAL INTEGRATION

8. Significant milestones were reached on the path to African integration.

#### 1. Africa is more connected through infrastructure

9. African connectivity has seen tangible progress since the Programme for Infrastructure Development in Africa (PIDA) launched its Priority Action Plan (PAP) in January 2012. The impacts of the first phase of PIDA-PAP can be summarized as follows:

- i) A total capacity of approximately 16,066km of highways were built throughout the continent;
- ii) A total capacity of 4,077 km of railways was built through PIDA projects;
- iii) In the Energy sector, a total transmission line capacity of approximately 3,506km was added; and
- iv) In the ICT sector, a total of 17 countries are connected with regional fibre optic cables.

10. With the end of PIDA-PAP (1) in 2020, the Commission is currently reviewing progress under the previous phase, and will embark on the development of a new set of priority action projects under PIDA. At this notable milestone, it is important to recall that African infrastructure needs are far from being met. The African Development Bank estimated that Africa's infrastructure needs are between USD 130 and USD 170 billion per year, which means that Africa experiences a gap in infrastructure finance of \$68 billion to \$108 billion per year. To fill this gap, the Commission has partnered with financial institutions and strategic partners to mobilize additional resources.

11. However, it is important that the Union redoubles its efforts, because without physical connectivity, other regional and economic integration efforts will not attain their optimal performance.

12. The policies governing investment in infrastructure should be reviewed with a view to make the sector more attractive for investors. The African Union should invest more in project preparation with a view to reduce the financial risk for investors and enable them to mobilize the needed capital.

13. The reinvigorated arrangements for fostering cooperation between AU, RECs, and Member States, including the Mid-Year Coordination Meeting, constitute useful asset for supporting continental integration based on sound and effective division of labour and comparative advantages.

## **2. Africa's borders are more open for free movement of people**

14. The need to build an Africa where borders between States are transformed into gateways for communication and movement, has always been an ambition of African leaders, as stated in the Abuja Treaty establishing the African Economic Community, and more recently, the Protocol to the Treaty on Free Movement of Persons, Right of Residence and Right of Establishment. As of 1 November 2019, the Protocol on the Free Movement had been signed by 33 Member States, and four had deposited their instruments of ratification. Fifteen ratifications are required for its entry into force.

15. At the same time, Africa has made progress on free movement. The Visa Openness Index for 2019 shows that African citizens have facilitated access to half of the Member States of the African Union. Five more countries have started to offer e-visa in 2019, making the total number of States offering this service 21 out of the 55.

16. Free movement can reinforce the desired benefits of AfCFTA, as well as movement of capital and cross-border investment. Innovative solutions to cross-border movement can be found through exchange of experiences between AU Member States including on means and ways to address and mitigate the technical and security challenges and risks that are occasionally associated with efforts to promote freedom of movement.

## **IV. PEACE, SECURITY AND GOVERNANCE**

17. The year 2019 was a defining moment for the continent and the African Union. It was characterized by many events that point to the State of the Union and the challenges that confront it in the areas of peace, security and their nexus with development.

18. The year 2019 witnessed the signature of the transition agreement by Sudanese stakeholders, an accord of peace in CAR, and the Revitalized Peace Agreement was saved from possible collapse in South Sudan. Meanwhile Ethiopia and Eritrea continued to consolidate their historic peace deal. These are only few examples of African solutions for African problems which were supported by the AU and the relevant RECs.

19. At the same time, the continent continues to face complex threats, particularly with the cross-border spread of terrorism, trafficking, inter-community violence and transnational crime, which have heightened the security challenges facing some regions like Libya, the Sahel, the Lake Chad Basin and the Horn of Africa, especially the difficulties that the affected countries are experiencing in finding lasting solutions through their own efforts and external assistance. These threats are acquiring new dimensions with the increasing trend of negative external interference and substantial attempts to compromise the African capacity to elaborate and implement solutions.

20. It is against this backdrop that the African Union chose “Silencing the Guns” for its theme in 2020. Africa needs a more robust common strategy that reflects its interests and capabilities, taking into account the following:

- The Union needs to take stock of its relationships with the international community, and discuss in concrete terms how to ensure Africa speaks with a common voice in the global arena, and regain control of its own affairs, mitigating undue external influence, while leveraging partners’ comparative advantage in support of African solutions to African problems.
- The Union should mobilize countries who have the comparative advantage and capacity to contribute in kind or materially, to assist the affected countries in the fight against terrorism and post-conflict reconstruction and development. Some of the notable efforts in 2019 include Egypt’s initiative to host and operationalize the AU’s continental center on Post-Conflict Reconstruction and Development.
- Africa needs predictable financing for its peace programmes and operations. Operationalization of the Peace fund is commendable, but efforts to mobilize resources within the continent, with partners, and in partnership with the United Nations on UN-mandated African-led peace support operations is essential.
- AU needs to continue its active endeavors to develop and operationalize its African Peace and Security Architecture (APSA) including through further efforts related to prevention, early warning, PCD and full operationalization of the African Stand by Force (ASF).
- Good governance is key to stability, and efforts to harmonize the African Peace and Security Architecture and the African Governance Architecture are essential.
- Sound management of safe and orderly migration is also essential to stability and progress. The Union has attained commendable milestones, *inter alia* through updating the Migration Policy Framework for Africa to make it action-oriented and more suited for today’s realities. It also built continental institutions to support effective migration governance. It is essential to build capacity for migration management at the continental, regional and national levels, and to invest in opening up channels for legal mobility.

## V. AFRICAN UNION STRUCTURAL REFORMS

21. The AU in 2019 has made major strides on its institutional reform plans on a number of fronts including:

- (i) *Effective division of labour between the AU and Regional Economic Communities:*  
Within the framework of establishing a more effective division of labour between the AU and Regional Economic Communities, a Protocol on the relations between the AU and Regional Economic Communities along with and the Rules of Procedure for the Mid-Year Coordination Meeting is being developed.
- (ii) *Financing the Union:*  
Progress has been achieved on the operationalization of the AU Peace Fund, which now has an effective Board of Trustees in place, with balanced representation from all regions. The Board oversees the establishment of the remaining structures in 2020. Since 2017, fifty Member States have contributed US\$ 141 million to the Peace Fund. There is, however, still some distance to go in delivering on the financial autonomy targets set by the Assembly in 2015 and 2016.
- (iii) *Restructuring the Commission and some of the key agencies of the Union:*  
Following extensive deliberations by Member States, the proposal for a new structure for the AU Commission is recommended for adoption during the Assembly. In addition, in 2019, the structure proposals were approved for key agencies, including the AU Development Agency (NEPAD-AUDA) and others. The Commission will be finalising its transition plan and the associated financing strategy for the new structure over the next few months and will consult all stakeholders before presenting these two elements to the Executive Council for their adoption at its next Ordinary Session in July 2020. In line with the Reform targets, the new structure, together with core operations of the AU, will continue to be increasingly African funded.
- (iv) *The strengthening of the AU recruitment system:*  
Accompanying the new structure of the Commission, Member States of the African Union requested the recruitment system to be enhanced before beginning to fill the new positions. In November 2018, the Executive Council constituted an independent group of ten experts to review and improve the AU recruitment system. The expert group proposal for enhancement of the recruitment system was considered by the Permanent Representatives Committee in January 2020. Through this new process the Union looks forward to a more effective and efficient recruitment system to attract the best African talents.
- (v) *Selection of the Senior Leadership:*  
The Assembly of the Union decided in November 2018 to institute an Eminent Person's Panel for the selection of the next senior leadership of the Commission. To date, four out of five of the members of this Panel have been appointed. The Panel met on 3-4 February to agree on their roadmap for the delivery of their mandate.

## **VI. WAY FORWARD**

22. The discussions on the State of the African Union will once again be a unique occasion to bring Member States to interact on key development challenges and opportunities of the continent. The issues mentioned above, though non-exhaustive, aim to spark a debate on what should be included as priorities in the coming year, building on progress achieved in implementation and addressing new and emerging challenges.

23. The meeting will integrate the insights from Member States into a set of comprehensive recommendations for policy action at all levels.

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