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**OUTCOME OF THE SECOND MID-YEAR COORDINATION MEETING
(VIRTUAL TELECONFERENCE, 22 OCTOBER 2020)**

**REPORT OF THE SECOND MID-YEAR COORDINATION MEETING
HELD ON 22ND OCTOBER 2020**

I. INTRODUCTION

1. The Second Mid-Year Coordination Meeting was inaugurated and chaired by H.E. Matamela Cyril Ramaphosa President of Republic of South Africa and Chairperson of the African Union.

2. The virtual meeting was attended by Members of the Bureau of the Assembly of the AU and the Chairpersons of the RECs; the African Union Commission (AUC); Chairpersons of the RECs; Regional Mechanisms; the Chief Executives of the African Union Development Agency (AUDA/NEPAD); UN Economic Commission for Africa (UNECA); African Development Bank (AfDB), the President of Niger as the Champion of the African Continental Free Trade Area (AfCFTA) Agreement and the Secretary-General of the AfCFTA.

II. OPENING REMARKS

3. H.E Cyril Matamala Ramaphosa, President of the Republic of South Africa and Chairperson of the African Union (AU) in his opening remarks urged all member states to join the Chairperson of the AU Commission in calling on all political and social actors to reject the use of violence and respect human rights and the rule of law. He noted that, even though COVID19 has tremendously affected the developmental and economic plans of every single country, and caused a set back to the progress in implementing key integration projects, the response to this grave public health emergency has been swift and commendable.

4. The AU Chair also underlined that the Africa Joint-Continental Strategy for COVID-19 Outbreak has guided the continental effort to mitigate the pandemic. “We established a COVID-19 Response Fund to assist with boosting the capacity of the Africa Centres for Disease Control and Prevention – the Africa CDC – and to assist African countries in combating and containing the spread of the virus”. He stated. Chairperson Ramaphosa further recalled that Special Envoys were appointed to mobilise international support for a comprehensive economic stimulus package for Africa. Adding that, through cooperation at a continental level, the African Task Force for Coronavirus was formed, and that the Partnership for Accelerated Covid-19 Testing campaign was established. The AU Chairperson also highlighted that the innovative Africa Medical Supplies Platform was launched to ensure that all African countries have access to affordable medical equipment, diagnostics and other essential supplies.

5. President Ramaphosa commended the joint efforts to address the pandemic saying that the continent was able to respond proactively to the COVID-19 threat due to

the great work of the AU Commission and the Member States. “As a continent we remain united in our call for equitable access to a COVID-19 vaccine once it is developed.” The Chairperson of the AU further pointed out that, while some Regional Economic Communities have made significant progress in key areas of integration, others have struggled to achieve the goals set out in their respective treaties and conventions and in meeting the milestones set out in the Abuja Treaty. “We welcome the fact that all the Regional Economic Communities affirm the importance of trade in advancing economic integration. Once the African Continental Free Trade Area comes into operation next year, economic integration will be given added momentum”, emphasised the AU Chairperson.

III. ADOPTION OF THE AGENDA AND PROGRAMME OF WORK

6. The Meeting considered and adopted the provisional agenda and programme of work and proceeded to examine the following key documents:

a) Progress Report on COVID-19 Pandemic in Africa

7. AU Commissioner for Social Affairs H.E Ms. Amira Elfadil Mohammed Elfadil outlined COVID-19 pandemic crisis which has created the most unprecedented economic crisis since the Great Depression of the 1930s and is reversing developmental progress made by African continent in the recent years. What started as a health crisis has quickly precipitated into a worst economic, social and humanitarian crisis, disrupting millions of people’s livelihoods, affecting poor households and damaging formal and informal businesses and government revenues around the world.

8. To respond to the COVID-19 pandemic, like other regions, most African countries have taken immediate decisive policy measures spanning containment and closure policies; health system and economic policies to save lives and protect households, business and national economies. Those economic measures include among others economic stimulus packages, additional liquidity for banking systems, lowering taxes, increasing public expenditures, noticeable reductions of monetary policy rates and financial support to businesses and households. The effectiveness of the governmental responses could explain the difference in the magnitude of the impact of the pandemic between countries.

b) Report on the Status of Continental Integration in Africa

9. H.E. Moussa Faki Mahamat, Chairperson of the African Union Commission presented Report on the status of the Continental Integration Agenda in Africa. The Africa-wide development agenda, as championed by the African Union, is based on regional integration and the formation of an African Economic Community (AEC). Drawing from lessons learned and encompassing all key continental initiatives, it is the culmination of efforts to achieve the Pan-African Vision of “An integrated, prosperous

and peaceful Africa driven by its own citizens and representing a dynamic force in the global arena". Agenda 2063 is to be implemented within the integration framework of the Abuja Treaty and includes continental flagship projects that will accelerate and enhance continental integration and development.

10. In order for regional integration to provide the expected benefits in trade, investment, peace, security and above all, the much sought after economic transformation and sustainable development, continental institutions, Regional Economic Communities (RECs) and the responsible Ministries, Departments and Agencies at the national level need to understand the key issues and constraints in order for them to formulate and coordinate appropriate strategies and policies, and to successfully implement the different regional development projects and programmes. Related support institutions and other actors such as the private sector and civil society also need to play their role effectively.

c) Report on the Status of Regional Integration in Africa by Chairpersons of the RECs

11. Presentations on the Status of Regional Integration in Africa was made by Chairpersons of the RECs namely:

- **H.E Idriss DEBY ITNO**, President of the Republic of Chad and Chair of CEN SAD;
- **H. E Paul Kagame**, President of the Republic of Rwanda and Chair of EAC;
- **H.E Ali Bongo Ondimba**, President of the Republic of Gabon and Chair of ECCAS;
- **H.E Filipe NYUSI**, President of Mozambique and Chair of SADC;
- **H.E Fayez al-Sarraj**, President of the state of Libya and Chair of UMA;
- **Dr TEHINDRAZANARIVELO Djacoba A. S. Oliva**, representing **H.E. Andry Rajoelina**, President of Madagascar and Chair of COMESA;
- **Ms. Shirley Ayorkor Botchway**, Minister of Foreign Affairs representing **H.E Nana Addo Dankwa Akufo-Addo**, President of Ghana and Chair of ECOWAS;
- **H.E Omar Ganereldin Ismail**, Minister of Foreign Affairs, representing **H.E Abdalla Hamdok**, Prime Minister of Sudan and Chair of IGAD

The Abuja Treaty designates Africa's RECs as the building blocks for stronger integration and the eventual creation of an African Economic Community. The Chairpersons of RECs presented the activities and progress made in implementing their regional integration agenda.

d) Report on the Division of Labour Between AU, RECs, RMS and Member States

12. H.E Professor Pierre Moukoko Mbonjo, Head of Reform Implementation Unit presented a report on the division of labour necessitated by the need for the AU, RECs, Continental Institutions and Member States to work together in every area of integration based on their respective competencies so as to remove overlaps and duplication. Decision 635 (XXVIII) stated that there should be a clear division of labour and effective collaboration among the African Union (AU), Regional Economic Communities (RECs), Regional Mechanisms (RMs), Member States in line with the principle of subsidiarity.

13. In February 2020, the AU Assembly received the Report of the first Mid-Year Coordination Meeting that was held on 8 July 2019 in Niamey, Niger. It took note of the conclusions and recommendations of the Report and endorsed the division of labor framework which governs their interactions. This global framework determines the sharing of competences in the six (6) areas of policy formulation, policy adoption, implementation, monitoring, evaluation and reporting, resource mobilization and partnerships. Sectors covered include Trade, Political Affairs and Peace and Security. The detailed Division of labour was elaborated in the matrix based on exclusive and shared competencies.

e) Status of the AU Financial Institutions

14. On behalf of His Excellency Nana Akufo-Addo, President of the Republic of Ghana, Honorable Shirley Ayorkor Botchway, Minister of Foreign Affairs stated that COVID-19 impacted negatively on key sectors of the economy including tourism, travel, exports, with falling commodity prices, declining governments' resources to finance public investment, it would be impossible to achieve this optimistic forecast of growth rates in 2020.

15. There is no doubt that the pandemic is devastating economies and affecting the fiscal space of nations. The International Monetary Fund (IMF) has US\$ 1.2 trillion available for lending, leaving a considerable gap in funding. To bridge this gap, the continent has to mobilize its resources to fund discrepancies in their fiscal space. This calls for the mobilization of all stakeholders including African Financial Institutions, Stock Exchanges, Central Banks, Private Sector, etc. to come up with solutions to short, medium, and long term financing solutions.

16. The Abuja Treaty and Article 19 of the Constitutive Act of the African Union provided the establishment of the African Union Financial Institutions (AUFIs), a Flagship Project of Agenda 2063. The AUFIs include the African Central Bank (ACB), the African Monetary Fund (AMF); the African Investment Bank (AIB) and the Pan-African Stock Exchange (PASE). The AIB and PASE were expected to be created in 2016 whereas AMF 2018; and the ACB 2028/34); as stated in the first 10-Year Plan of Agenda 2063.

17. Since the adoption of the adopted protocols for the establishment of the AIB and AMF in 2009 and 2014 respectively, the signatures and ratifications registered have not reached the requisite number of ratifications to enter into force. In addition, there have

been scarce resources allocated to the African Union Commission to carry out advocacy activities and to support the implementation of the strategy of the establishment of the African Central Bank (ACB) and Pan African Stock Exchange (PASE). The African Monetary Institute, a precursor to the ACB and the PASE, were supposed to be set-up and operational by 2020 but failed due to unavailability of funds. The Central Bank of Nigeria has already available office space for the African Monetary Institute and the Association of African Central Banks (AACB) is keen to second experts to support the work of the Institute.

18. The pandemic has postulated the importance financial autonomy, most developed nations have committed huge sums of finance to support their nations due to their capacity and financial independence. While many countries are facing fiscal deficits, with some at a high risk of debt distress due to continuous borrowing. The implementation of the AUFIs will be crucial in this recovery phase and in building more resilient and endogenous economies for an emerging Africa and achieving Agenda 2063.

19. The AUFIs will facilitate the creation of an enabling environment for a modern and strong African financial system to mobilize domestic and external resources to enable the diversification of intra-African export products, thereby fostering regional and global competitiveness of the products.

20. The establishment of PASE will facilitate the integration of capital markets through cross-border trading and settlement of securities, removal of the stringent regulatory environment, help mobilising resources from capital markets inside and outside Africa and channel diaspora's remittances toward longer-term productive investments in African countries. The AIB will complement the work of the AfDB in utilization the available resources for the implementation of investment projects contributing to the strengthening of the private sector and modernization of rural sector activities and infrastructures. It will promote public and private sector investment activities intended to advance regional integration of African states.

21. The AMF will promote the development of African financial markets and ensure exchange rate stability among currencies and their mutual convertibility. In addition, it will provide short-term and medium-term credit facilities to sustain balance of payments and provide technical assistance and policy advice to member countries with a view to assisting in financing their overall balance of payments deficits.

22. Africa has more than 40 currencies which are characterised by their volatility, illiquidity and rarely traded status on the global financial market; which makes trading among African countries difficult. This constitutes of the biggest barriers to the effective implementation of the AfCFTA and the development of the continent. That is why it is urgent to set up of the Pan-African payment and settlement system in order to reduce the risks of exchange rate volatility associated with cross-border trade and investment. Such a system should prepare the ground for the emergence of a Single Payments

Area across the entire continent, potentially as early as 2022, in time to enable the financial inclusion critical to meeting the agenda 2063 goals and SDGs.

IV. PLENARY DISCUSSIONS

23. The Coordination Meeting discussed all the items mentioned above and made recommendations contained in the Declaration.

V. CONSIDERATION OF THE CONCLUSION OF THE MEETING

24. H.E Professor Pierre Moukoko Mbonjo made a brief presentation of the Draft Declaration of the Second Mid-Year Coordination Meeting. H.E. Matamela Cyril Ramaphosa, chairperson of the Meeting then presented the Declaration for adoption. The meeting adopted the recommendations contained in the Declaration.

VI. CLOSING

25. H.E. Matamela Cyril Ramaphosa expressed his sincere appreciation to all for their participation and contribution which made the virtual session highly engaging, informative and interactive as we all seek to accelerate the implementation of our programmes towards the attainment of the Agenda 2063.

26. The meeting covered a range of issues on regional integration, division of labour and our continental strategy to overcome COVID-19. The pandemic has shown a great deal of resilience and countries that have experienced a decline in infections have also encountered surges in infections that have made them to revisit the lockdown measures. We must try to avoid that scenario in Africa.

27. He encouraged all to be optimistic and will ensure that all outstanding work is completed. He quantified the report on the status of regional integration and the insightful perspectives provided by Chairpersons of the RECs which showed that commendable progress has been made in the integration process, and that implementation of the AfCFTA is a priority. With the finish line now in sight, he encouraged all to make this final push; and ensure all outstanding issues on Phases 1 and 2 are finalised in order to start trading by the 1st of January 2021.

28. On the Division of Labour, he welcomed progress made in the development of the detailed proposal on the Division of Labour by the AUC, the AUDA-NEPAD, AfCFTA Secretariat, the APRM, the RECs and RMs and Member States in the areas of trade, political affairs and peace and security and looked forward to the finalisation of the remaining areas concerning the Division of Labour for consideration at the latest by the 35th Ordinary Session of the AU Assembly in February 2022. This will give the relevant

stakeholders enough time to consult and to come back with a comprehensive document which has the buy-in of everyone.

29. The meeting considered and noted with appreciation the report of H.E. Nana Akufo Addo, the President of the Republic of Ghana and the Champion of the AU Financial Institutions and stated that the establishment of the AU Financial Institutions will go a long way in fulfilling the objectives of the Abuja Treaty and further deepen the continental economic integration project.

30. It is vital that we strengthen the RECs as building-blocks for Africa's continental integration. Intensified coordination and harmonisation will bring us closer to the realisation of the African Economic Community in line with the principles of the Abuja Treaty.

31. He thanked all for their participation as well as appreciated preparations undertaken under the guidance of the Executive Council and the commendable work of the AU Commission that enabled a productive Second Mid-Year Coordination Meeting.

32. He then declared the Second Mid-Year Coordination Meeting officially closed.

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