DRAFT TERMS REFERENCE FOR A CONSULTANCY ON THE

African Union Commodities Strategy
A BACKGROUND INTRODUCTION

1. Africa has about 12 per cent of the world’s oil reserves, 42 per cent of its gold, 80–90 per cent of chromium and platinum group metals, and 60 per cent of arable land in addition to vast timber resources. Africa experienced a commodity boom since the early 2000s translating to the continents unprecedented growth that was only disturbed by the onset of the Global Financial Crisis of 2008. Whilst the Continent was able to recover from this global shock by 2010, and rebounded with a strong growth rate of 4.6 on average, this boom did not translate to consummate economic diversification that would have led to faster social development for the African people.

2. The recognition of the challenges and opportunities of Africa’s commodity wealth has been reflected in different decisions of the African Union including the Arusha Declaration on African Commodities and in other frameworks such as the Comprehensive Africa Agriculture Development Program (CAADP), the African Mining Vision and the Accelerated Industrial Plan for Africa (AIDA). However, the recent commodity boom and the challenges arising from the drop in commodities prices have necessitated a holistic rethinking and fresh approach to the question of how African commodities wealth can drive the continent’s development.

3. The 2013 Economic Report for Africa produced by the United Economic Commission for Africa (UNECA) sadly notes that most African economies still depend heavily on commodity production and exports, with too little value addition and few forward and backward linkages to other sectors of the economy. The Report further notes that the limited impact of commodity-driven growth on employment and social development has been aggravated by liberalizing reforms and globalization that, in the absence of serious government policies to promote economies’ productive capacities and ability to compete in international markets, have left a legacy of inappropriate incentives and institutions that threaten economic and political stability as well as social cohesion. African countries must therefore address the reasons why stronger growth and trade have not stimulated economic diversification, job creation and socioeconomic development.

4. Africa’s vulnerability to external shocks partly due to the dependency on the export of raw commodities is a continuous cause of worry. Commodity Price volatility continues to be a critical feature of international commodity markets and this creates challenges for the macroeconomic management of and exposes developing countries to greater macroeconomic uncertainty.

5. It is in this regard that the African Union Commission has developed a Draft Commodities Strategy for Africa in line with the various Decisions of its Policy Organs.

B THE AFRICAN UNION COMMODITY STRATEGY
6. It is in this regard that one of the priority flagship Projects under the Africa Unions Agenda 2063 was the formulation of a Commodities Strategy for the Continent. This Strategy, lays out a vision for commodity-led industrialization: to use Commodities as a driver for achieving the structural social and economic transformation of Africa. It will seek to enable African countries to among others, add value, extract higher rents from their commodities, integrate into the Global Value chains, and promote vertical and horizontal diversification anchored in value addition and local content development.

7. This Strategy aims at fulfilling the aforementioned objectives by reviewing the state of play for high-priority commodities sectors in Africa, namely agriculture, mining, and energy. It considers current trends and outlooks, as well as sector-specific opportunities and challenges. It also focuses on addressing Commodity Price Volatility and ushering Africa into an era of Commodity based Industrialization. Commodity based industrialization can serve as a launching pad for long term diversification in new non commodity sectors, if well supported by robust industrial policies.

8. With Africa’s growing, predominantly young, skilled and urbanizing population, as well as the continent’s aforementioned endowments in many natural resources, including plentiful land and fertile soils, oil and mineral, Commodities can play a crucial role in the drive to industrialization. However, the key challenge for African countries is to ensure the design and implementation of effective macroeconomic policies that promote industrialization, and structural transformation. This strategy therefore is of paramount importance in assisting Africa to maximize the benefits from its commodities for the betterment of its people.

C. GENERAL OBJECTIVE AND SCOPE OF WORK


10. The general objective of the Consultancy is to examine how the AU Commodity Strategy can assist in ensuring that Africa commodities become the backbone of Africa’s manufacturing base and industrial development.

11. The consultancy will also examine how best to establish regional value chains that can be efficiently linked to the global value chains. In addition, the Consultancy will propose recommendations on creating dynamic mechanisms aimed at minimizing the negative impact of commodity price volatility, through utilization of Africa’s wealth of natural resources and absolute comparative advantage in commodity market to ensure fair prices, encourage diversification anchored in value addition, local content development and extracting high
12. Specifically, this consultancy is expected to cover the following:-

(i) Reviewing all necessary AU Assembly Decisions on Commodities and propose how they can be implemented in line with the Commodity Strategy

(ii) Review any relevant decisions have been taken by RECs on Commodities (if any)

(iii) Review previous initiatives and institutional framework for Commodities in Africa especially under the Arusha Declaration on Commodities and the AU Commodities Task Force

(iv) Review and develop TORs for the AU Commodities task Force and its sub-Committees on Agriculture and Energy and Minerals.

(v) Develop strategies and a work plan for the implementation of the Commodity Strategy at the Continental level for the three commodity sectors identified in the Draft strategy i.e. Agriculture, Mining and Energy.

(vi) Propose and document a Tool Suite for African Union Member states aimed at managing Commodity Price volatility including in such areas as price stabilization, taxation, macroeconomic policy, and utilization of commodity revenues.

(vii) Propose models and guidelines for establishing Commodity Exchanges at the National, regional and Continental levels.

(viii) Facilitate a Meeting of the AU Commodity task Force

D. EXPERTISE REQUIRED (QUALIFICATIONS AND EXPERIENCE)

13. The expertise required for this assignment is highlighted below:-

(i) At least 10 years’ experience working in technical advisory roles in the areas of either Agriculture, Mining or Energy Commodities in Africa

(ii) At least a Master degree in Agricultural Economics, Energy Economics, International Trade or other relevant related qualifications

(iii) At least 2 experiences of carrying out similar consultancy work

(iv) Demonstrated knowledge of Africa’s regional integration and the Continental Free Trade Area (CFTA) processes

(v) Demonstrated excellent written and oral communication skills in through publication in the area of commodities including value chain development, and analysis.
(vi) Strong oral and written communication Skills. Knowledge of another language of the AU will be an added advantage.

(vii) Good understanding of the Regional Economic Communities (RECs) systems

E. TIMING AND INPUTS

14. This consultancy is estimated to require 46 work-days of effort over a period of two (2) calendar months.

F. DELIVERABLES

15. The deliverables for this assignment shall be in line with the consultancy objectives and shall include the following:

(i) Inception report detailing the Consultants understanding of the assignment following consultations with the AUC Departments of Trade and Industry and Rural Economy and Agriculture as well as the Department of Infrastructure and Energy, 10 days after the commencement of the assignment.

(ii) Progress Report on each of the consultancy specific objectives, five weeks after the commencement of the assignment

(iii) A Draft Final Report, 7 weeks after days after the commencement of the assignment

(iv) Facilitation of a validation workshop with the AU Commodities Task Force which shall include the presentations findings and recommendations based on the scopes and objectives of the assignment.

(v) Final report of the assignment 2 weeks after the Assignment in (iv) above

16. All reports shall be written in either English or French and submitted in electronic versions in line with the hierarchy outlined in section G below.

G. ASSIGNMENT MANAGEMENT AND ADMINISTRATION

17. The counterpart of the consultant shall be the Heads of Divisions of Trade and Industry. The Consultant will also work with relevant Heads of Divisions in the Department of Rural Economy and Agriculture and the Department of Infrastructure and Energy, of the African Union or their designated representatives. These shall also be responsible for the day to day management of the Assignment.

18. However, the overall supervision of the assignment shall be done by the Director of Trade and industry.