

AFRICAN UNION

الاتحاد الأفريقي

UMOJA WA AFRIKA



UNION AFRICAINE

UNIÃO AFRICANA

UNIÓN AFRICANA

Addis Ababa, ETHIOPIA

P. O. Box 3243

Telephone: 0115517700

Fax: 0115517844

Website: [www. au.int](http://www.au.int)

CONCEPT NOTE

INTER-INSTITUTIONAL COORDINATION MEETING FOR THE IMPLEMENTATION AND DOMESTICATION OF THE AFRICAN COMMODITY STRATEGY

A Flagship Project of Agenda 2063

Under the theme

“COMMODITY-LED INDUSTRIALIZATION FOR ONE AFRICAN MARKET”

6th-8th September 2023

Venue: Small Conference Hall 3, African Union’s Headquarters, Addis Ababa, Ethiopia

I. BACKGROUND

Africa is particularly rich in commodities, notably in agriculture, minerals, and energy. This endowment led the African Union's Member States to endorse through its Executive Council, the African Union Commodity Strategy (AUCS) and its Action Plan through decision EX.CL/Dec.1144(XL) in February 2022. The Strategy is a flagship project of the 1st Ten Years Implementation Plan of the AU Agenda 2063 which aims at adding value, extracting higher rents from commodities, integrating them into the Global Value chains, and promoting vertical and horizontal diversification anchored in value addition and local content development that recognizes inputs across the continent. Furthermore, the strategy envisioned transforming Africa from simply being a raw materials supplier for the rest of the world to a continent that actively uses its resources to ensure the economic development of African citizens and efficient supply of raw materials as well as intermediate and finished products under the African Continental Free Trade Area (AfCFTA).

The AU Commodity Strategy has been sought after recognition of the challenges and opportunities in Africa's commodity wealth by the AU Member States, thus drawing its strategy from the various continental decisions, namely the 2005 Arusha Declaration on African Commodities and other framework such as the 2003 Comprehensive Africa Agriculture Development Programme (CAADP) and its 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and improved Livelihoods, the 2008 Accelerated Industrial Development for Africa (AIDA), the 2009 Africa Mining Vision, 2012 African Continental Free Trade Area (AfCFTA), the 2011 Programme Infrastructure Development for Africa (PIDA) and the 2013 AU's Agenda 2063. In its quest to establish the African Economic Community, the Abuja Treaty (1991) also provides for the eventual attainment of Africa's socio-economic transformation using the Continent's abundant resources both human and natural.

Consequently, the strategy shall be treated simultaneously as the African Union is discussing the second ten-year implementation plan of the AU Agenda 2063 that spans from 2024 to 2033. This continental process makes the African Union Commodity Strategy, as one of the flagship projects under the AU Agenda 2063 more relevant for Africa's integration and socio-economic development, particularly, trading under the AfCFTA Market with basic commodities / raw materials or semi-finished/finished goods that are originating in any of the AfCFTA State Parties and undergoing working or processing in other State Party, hence leveraging Africa's drive for its growth, development and industrialization agendas. And because of its contribution to majority of export share of the AU Member States, justifying its imperative push for its implementation with emphasis on operationalizing its strategic pillars such as mitigating price volatility in the commodities sector, its ramifications on the macroeconomic fundamentals, as well as on achieving commodity-led industrialization medium and long terms' objectives.

It's in light of the above, that the implementation of the African Union Commodity Strategy has been structured at three levels –namely; at the Continental, Regional and National. This will encourage synergies, linkages and complementarities among the existing AU projects and initiatives such as Program Infrastructure Development for Africa (PIDA), African Continental Free Trade Area (AfCFTA), Africa Mining Vision, African Common Position on Energy Access and Just Transition, and the Comprehensive African Agricultural Development Programme (CAADP). These actions are expected to exemplify the work performed by many institutions, both in Africa and globally, whose work focuses on the commodity value chains that can be leveraged and harnessed to support the attainment of an integrated, prosperous, and peaceful Africa, driven by its citizens and representing a dynamic force in the international arena.

II. RATIONALE

The African Union Commission (AUC), Department of Economic Development, Trade, Tourism, Industry and Minerals (ETTİM), is coordinating the implementation of the African Commodity Strategy and its Action Plan to accelerate its realization, track progress in the Strategy's monitoring and evaluation initiatives including resources mobilization and partnerships, communicating the strategy to external stakeholders and advise the African Union's structures on progress achieved and the challenges expected to be encountered together with its recommended actions going-forward.

Furthermore, the AfCFTA promises to help Africa pivot away from the export of basic commodities and secure sustainable and inclusive socioeconomic development, leading to more stable foreign exchange revenues and increasing the variety of goods in African markets. While the AfCFTA is expected to benefit Africa generally, since it is an Agreement focused mainly on promoting intra-African trade, as well as developing and promoting the industries that will help build the African economic resilience from external shocks by exploiting the basic commodities responsibly. Therefore, it is possible to boost intra-regional and inter-regional trade by developing and maintaining regional basic commodities databases (production, consumption, supply, demand, prospects).

Consequently, the Inter-Institutional Coordination meeting for the implementation and domestication of the African Commodity Strategy and its Action Plan will bring together African Industrial and Minerals policymakers, International Development Organizations including, UN agencies, Regional Economic Communities (RECs) and AU Member States. Hence, it will provide a strategic continental platform for key stakeholders to exchange knowledge on significant interdependent programming areas that include industrialization and commodity transformation. Furthermore, the Regional Economic Communities shall be encouraged to adopt a framework with a similar setting as at the Continental level. The Strategy envisioned that the RECs Secretariats/Commissions will coordinate the governance and implementation of the regional aspects of the Strategy and its Action Plan. They will also assist in providing technical assistance and building required capacities to implement the Strategy and coordinating the regional monitoring and evaluation of the Strategy, including the production of implementation reports in

collaboration with the relevant stakeholders from their Member States and international commodities institutions.

Accordingly, the inter-institutional coordination meeting for the implementation and domestication of the African Commodity Strategy is timely as it envisioned to engage and enhance coordination with all relevant stakeholders, including international Commodity Sector institutions, and RECs to forge way to encourage diversification anchored in commodity value chain realization, through value addition, regional and local content development, skills and technology development and extraction of equitable rents from commodities to strengthen Africa's sustainable economic growth.

III. OBJECTIVES

The overall objective of the meeting is to strategically discuss how to strengthen partnerships and agree on joint implementation work plans to clarify the roles and responsibilities of RECs, Member States, the Private sector, and Partners in the domestication and implementation of the AU Commodity Strategy:

Specific objectives are to:

- Encourage synergies, linkages, and complementarities in the implementation and domestication of the AU Commodity Strategy and its Action Plan.
- Discuss the visibility for the African Union to appoint a Special Envoy on African Commodities from the private sector for the implementation of the AU Commodity Strategy.
- Develop a road map for the establishment of the annual African Commodity Strategy Advisory Forum; and
- Create platforms for engagement between governments, private sector (commodity producers, inputs suppliers, and processors), state entities, and other national/international stakeholders in implementing a common vision, policy, and strategy to secure resources to support commodity linkages development.

IV. OUTCOMES

- Road map for the establishment of the African Commodity Strategy Advisory Forum (ACSAF) and developed terms of engagement of the AUC Special Envoy on Commodities.
- Map out the continental networks of commodity producers in mining, agriculture, and energy; and
- Endorsed the AUC road map to coordinate the domestication and implementation of the African Commodity Strategy and its Action Plan with the AU Member States.

V. PARTICIPANTS

The participants are policymakers and experts from the African Union Commission, RECs, AUDA-NEPAD, AfCFTA Secretariat, AU-IBAR, AFREC, AFCONE, APM Secretariat, ACHPR, AMDC and African Union Semi-Arid Food Grain Research and Development's (AU-SAFGRAD). Other international and regional stakeholders include the AfDB, UNECA, the Inter African Coffee Organization (IACO) and the Africa Leather and Leather Products Institute (ALLPI) and representatives of the business sector, academia, media, women, and youth in commodities trading.

VI. CONTACTS INFORMATION

1. **Madam Ron Osman Omar**, Ag. Head of Industry, Minerals, and Innovation; Department of Economic Development, Trade, Tourism, Industry and Minerals; African Union Commission, at email: OmarR@africa-union.org; and
2. **Mr. John Youhanes Magok**, Expert on Minerals Resources Development; Minerals Resources Unit; Department of Economic Development, Trade, Tourism, Industry and Minerals; African Union Commission, at email: NhialJ@africa-union.org

VII. REFERENCES

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- [Action Plan for the Accelerated Industrial Development of Africa \(AIDA\)](#)
- [AMV – Africa Mining Vision](#)
- [Program Infrastructure Development for Africa \(PIDA\)](#)
- [The Treaty Establishing the African Economic Community, the Abuja Treaty](#)
- [Video: African Commodities Strategy](#)