AU
African Union

Om Evani and Alex Georgiadis
Co-Chairs

Hiba Vohra
Vice-Chair

GSMUN 2011

Esteemed Delegates,

It is our great honor and pleasure to welcome you to GSMUN XIV's African Union Committee. We are delighted to be your chairs for this committee and we have been working diligently to ensure that the conference will be a valuable experience for all. The African Union is an integral part of promoting cooperation among the independent nations of Africa, and we will be debating some of Africa's most pressing issues including infrastructure and currency. However, before we jump into the topics, allow us, the dais, to introduce ourselves.

Although Om has lived in Richmond his entire life, he loves to travel, and he has been to many countries around the world. As a junior, Om has been involved in Model UN for two years, attending many conferences along the way. In addition to Model UN, Om is very active and plays a number of sports, and he also enjoys playing his saxophone.

Alex Georgiadis is a junior at Maggie Walker and has been involved in Maggie Walker for three years now, attending conferences and serving as vice-chair of SPECPOL at GSMUN XIII. She plays volleyball for school and for RVC and loves playing the piano, singing, and listening to Dave Matthews Band in her free time.

Hiba Vohra will be serving as the Vice-Chair for this committee. Hiba has been active in Model UN for three years, but also is involved in other clubs at Maggie Walker. She is the co-secretary of the Invisible Children Club and is active in RAMPS and National Art Honor Society, as well as her mosque's youth group.

Please feel free to contact us if you have any questions and/or concerns about this committee or the conference in general. GSMUN should be an exciting and unique conference, and we hope that you will have fun while being creative, enthusiastic, and capable of solving the issues in Africa. Good luck researching, and we look forward to meeting you all in April!

Sincerely,

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Committee Information

Committee Background

The African Union (AU) is an intergovernmental organization that holds authority over most of the African continent. The predecessor of the AU, the Organization of African Unity (OAU), was disbanded when heads of state issued the Sirte Declaration in 1999. It required the establishment of the AU to promote peace, security, and stability in Africa. Following two summits, the AU was formally launched in Durban on July 9, 2002. The Constitutive Act sets out the primary guidelines for the functions of the AU. It is now composed of the 53 states of Africa, with the exception of Morocco.

The AU is considered one large oversight body with multiple organs and committees. The Assembly, Executive Council, Commission, and Permanent Representatives' Committee are the four main organs of the AU, but the Assembly is considered the most substantial organ because it contains the heads of states.

The AU strives to achieve greater unity and solidarity between the African countries; solve continent-wide issues; promote peace, security, and stability; protect human rights; and promote sustainable development at the economic, social and cultural levels. The AU has the authority to use military interventions against member states in circumstances of genocide, war crimes, and crimes against humanity. However, this power has rarely been used. Intervention may also occur at the request of a member state for the purpose of maintaining internal stability. The AU also has the power to apply and monitor the common policies for the entire union, maintain a budget for the AU, and oversee both internal and foreign policies.

The AU elects its chairperson annually among heads of member states and is currently chaired by Bingu wa Mutharika of Malawi. The AU must deal with many issues including HIV/AIDS, malaria, and low standards of living of unemployed and uneducated Africans, lawless regimes, and civil disputes. It is the responsibility of AU members to discuss and implement plans of action to alleviate the problems of the African nations and their citizens.

Infrastructure

Introduction

Africa has experienced remarkable growth within the past decade. Countries that are rich in natural resources have done especially well due to the rise in the prices of such commodities. Despite this recent progress, they are well behind other developing countries in almost every form of infrastructure, including water and road conditions, and housing. Africa must work to solve these major infrastructural issues if it is to reach the Millennium Development Goals (MDGs) set by the international community and keep pace with the rest of the world.

The MDGs provide concrete goals for addressing extreme poverty in its many forms. They are to eradicate extreme poverty; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria, and other diseases; ensure environmental stability; and develop a Global Partnership for Development. The MDGs were adopted by world leaders in 2000, and countries intend to achieve them by 2015. They provide a framework for the international community to work together towards a common end: ensuring that human development continues around the world. In order to reach these goals, Africa must vastly improve its infrastructure, which requires a large financial investment of around $93 billion annually.

Energy

Energy is Africa's greatest obstacle on the path to improving infrastructure. Access to energy is critical for economic growth and alleviation of poverty. Today, 30 African countries suffer from chronic power shortages and only one in four Africans has access to electricity. Even South Africa, which is responsible for more than half of the electricity production in the region, faces periodic power cuts because supply has slowed in recent years. Of the annual $93 billion budget for improving infrastructure, almost half is needed to boost Africa's power supply.

The energy crisis represents a deeper problem. Despite the fact that Sub-Saharan Africa (SSA) is rich in renewable and exhaustible energy resources, SSA has a low capacity for generating power. One reason for this problem is that Africa's energy resources tend to be concentrated in only a couple of countries, which face physical and political obstacles when attempting to trade resources. This makes it difficult for them to deliver energy to the countries that demand it. Additionally, small countries cannot afford to produce electricity because they cannot even recover production costs. The high cost of electricity in SSA makes it unaffordable for the poor.

There have been attempts at reform. As of 2006, more than 80 percent of SSA countries had enacted a power sector reform law, but many countries have still not adopted all of the reform measures. The goal of the reforms was to create competition between private electricity suppliers, but few energy markets in the SSA region are large enough to provide a competitive environment for energy producers.

Water

As with energy, Africa has a large water supply, but once again, Africa experiences the problem of having an abundant natural resource with the inability to properly store and distribute it. Therefore, water security, including the protection of water supplies from floods and other unpredictable events, will require an expansion of water storage capacity from the current 200 cubic meters per capita. Sanitation is another major problem concerning water. Contaminated water is a major cause of disease among Africans. Better storage and distribution facilities would provide cleaner water, which is not only important for the health of the people of Africa, but also for the economies of Africa's countries, as agriculture comprises 88 percent of all water use.

A pan-African conference on water in Addis Ababa, Ethiopia in December 2003 established a plan called "Africa Water Vision 2025." This plan estimates that the continent will need to invest at least $20 billion (USD) annually over the next 20 years to reach its goals, and at least $12 billion of this would have to be spent on basic water supply and sanitation. The issue of water sanitation is a broad developmental problem requiring cooperation not only from governments on the national level, but also from each household at the local level.

Roads and Transportation

Historically, there has been little cooperation in the construction of African roadways. This can be attributed to the previous divisions of the continent under colonialism, leaving little reason to create ties between spheres of influence. Less than 30 percent of African roads are paved. This makes it difficult for companies to distribute their commodities, and thus they are forced to increase the cost of shipping, making African goods less competitive. This also hinders both travel and internal trade across the continent.

The AU has been collaborating with the African Development Bank (ADB) and the UN Economic Commission on Africa (UNECA) to construct a Trans-African Highway. The highway is approximately 59,000 kilometers in length and connects most landlocked African nations. The goals of the Trans-African Highway are to provide direct routes between the capitals of the continent, to contribute to the political and socioeconomic integration of Africa, and to ensure road transport between areas of consumption and production.

Issues with the completion of the Trans-African Highway include roadblocks, border controls, and missing links in many areas. For the Trans-African Highway to succeed, full cooperation from all countries is necessary. Funding for the Trans-African Highway comes from the African nations through which it passes. In a World Bank report, it is estimated that $35 billion is required for upgrading and maintaining the highway system over 15 years. However, commerce is expected to benefit through donor funding. It is estimated that trade will increase by approximately $20 billion. Data suggest that overland trade will also increase by $250 billion over a 15-year period.

Housing

The lack of infrastructure is most severe in Africa's long-neglected rural areas, where the majority of the continent's population lives. Often, governments do not take into account community involvement in the improvement of housing. Thus, organizations like the South African Homeless Peoples Federation have formed to fill the gap. The Federation encourages South Africans to unite and save money together so they can build their own houses. Since it was established in the early 1990s, the Federation has helped build over 14,000 low-cost houses across South Africa. Similar savings groups exist in Ghana, Kenya, Madagascar, Namibia, Swaziland, Uganda, Zambia, and Zimbabwe.

However, such groups cannot solve the housing problem in Africa on their own. Currently, governments do not commit sufficient resources to address the problems of existing slums because they see slums as illegal settlements and refuse to provide proper services for them. Therefore, it is expected that the number of people living in these slums will double, reaching two billion people in the course of the next 30 years if action is not taken to remedy this problem.

Current Action

In order to reach the upcoming 2015 deadline for the MDGs, the UN has established many programs to help African countries move forward. Other UN organizations, such as the UN Children's Fund (UNICEF), the World Health Organization (WHO), and the World Bank, are helping the African people achieve goals with respect to infrastructure, transportation, health, agriculture, and food security. The World Bank also recently conducted a study as a part of Africa Infrastructure Country Diagnostic (AICD), which targeted the areas that required the most improvement and tracked the progress of different programs.

A conference on African roads took place in Johannesburg, South Africa in May 2010. It sought to bring together key industry players in order to provide insight into the challenges facing the development and maintenance of roads throughout the continent. Leaders in the field gathered to generate ideas and strategies for the best course of action to improve the condition of roads and provide access to more people.

Conclusion

Although Africa's infrastructure is still far behind that of other parts of the world, the AU is playing a bigger role than ever in trying to bring Africa up to speed with the rest of the international community. The UN is also striving to reach the MDGs. Groups in Africa have recently made improvements, but they require more aid and support from the government. Even groups in the government are conflicted on what methods would be most efficient in solving the infrastructure crisis in Africa. The delegates in the African Union have the power to change Africa's future and make it into a continent that could prove to be a major competitor in the world by improving its infrastructure and foundations.

Questions to Consider

- What are the areas of infrastructure that require immediate attention?
- How can Africa improve the use of its abundant supply of power and water?
- How can it improve the sanitation of the water?
- How can Africa finance the reforms necessary to improve the infrastructure? How should it appropriate the funds?
- Where could the African Union get funding to improve transportation and communication systems?
- How might the completion of the interstate system benefit your nation?
- Should government relinquish its role as the dominant provider of infrastructure and make it more commercialized?
- How can the African Union work with nongovernmental organizations that are already in Africa to improve the continent's infrastructure?

Currency

Introduction

In 1919, the East African Currency Board (EACB) was created in an effort to achieve monetary integration for its member nations. It established one common currency, the shilling, at an exchange rate of twenty shillings per one-pound sterling for all of the participating nations in the EACB. The EACB also had the power to issue loans. However, as nations gained independence from colonial powers, the EACB was dissolved in 1965. Finance ministers announced that separate currencies and national banks would be established in each African country, based on the belief that independent currency represented national sovereignty.

After the formation of the OAU, member states were encouraged to combine their economies into sub-regional markets. These would ultimately combine and form one African economic union. Because of Africa's conflict-ridden past, the continent had many problems, including civil conflicts, corruption, undisciplined fiscal policies, poor infrastructure, low investment, and the absence of rule of law. It was presumed that a united continent would cure those problems.

Regionalization efforts started in 1938 with the establishment of the Southern Rhodesia Currency Board (SRCB) under the Colonial Act. Like the EACB, the SRCB also failed because member countries believed that there was an unequal distribution of benefits. The creation of the Rand Monetary Agreement (RMA) in 1974, which presided over Botswana, Lesotho, South Africa, and Swaziland, was yet another attempt at regionalization in Africa.

In 1980, the OAU Extraordinary Summit adopted the Lagos Plan of Action for 1980 to 2000. It planned to pave the way for the eventual establishment of a common market by creating a dynamic and interdependent African economy. The Lagos Plan of Action also resolved to give special attention to the discussion of economic issues at each annual session of the Assembly and called on the Secretary General to collaborate with the UN Economic Commission for Africa (UNECA) to plan programs for economic cooperation of the continent every year. This was the starting point to unite Africa's economy.

The plan became a reality in June 1991. The Treaty of Abuja was signed during the 27th Ordinary Session of the Assembly, establishing the African Economic Community (AEC). The AEC's goals are to promote economic, social, and cultural development and integration; to increase self-sufficiency; to create a framework for development in all aspects of human activity; to raise the standard of living; to maintain economic stability; and to establish a close and peaceful relationship between member nation states. In the long run, its goal is to integrate all of the previously existing regional economic communities (RECs) in Africa. The process culminated in the establishment of one common currency. The Treaty of Abuja states that the African Central Bank will be the sole issuer of the African currency and will become the banker of the African government and Africa's private and public banking institutions. It will also regulate Africa's banking industry by setting the official interest and exchange rates.

In 1944, an agreement was made during the UN Monetary and Financial Conference that created international fixed exchange rates and controlled the flow of capital between nations. However, these fixed exchange rates were abandoned in the 1970s in favor of flexible exchange rates, which led to instability in international monetary arrangements. Establishing flexible exchange rates caused the economies of developing countries to become more susceptible to the volatile trade shifts, whereas the economies of large international monetary powers did not suffer as much. In the last 30 years, African nations have been hit hard as a result of flexible exchange rates. Fluctuating exchange rates are also detrimental to the economies of African nations because many already owe money to other nations.

Current Efforts for Monetary Integration

Currently, a distinct currency is used in each region in Africa, and each has a set of methods and goals for reaching macroeconomic convergence. Political leaders believe that by economically uniting regions of the continent, nations can become politically united as well. However, countries are reluctant to do so because having independent currencies is a form of protecting national sovereignty.

Typically, economic inequality exists between the nations within an REC. The hope for member states is that an REC, like the Southern African Development Community (SADC), will allow them to achieve higher growth with a fair distribution of the benefits of monetary integration. The CFA Franc is the common currency among the 14 countries in West and Central Africa that make up the African Financial Community, which is subdivided into the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CEMAC).

The SADC works on regional development projects in 15 different countries. One of the major goals of the SADC is to promote economic growth, self-sustainability, and socioeconomic development. The SADC has macroeconomic convergence benchmarks, but these are merely guidelines, meaning that their success varies among member countries. Countries like the Democratic Republic of the Congo and Tanzania have reached the inflation targets, while other countries have had more trouble. There has been little discussion concerning the implementation of programs to reduce inflation rates or the ratio of budget deficit to GDP because there is a lack of political commitment.

The Common Market for Eastern and Southern Africa (COMESA) attempts to create a monetary union that unites the nations in Eastern and Southern Africa. COMESA's primary goal is to create sustainable economic development in the region. The organization believes that the most attainable way to reach this goal is to emphasize the reduction of the budget deficit in nations in Eastern and Southern Africa, lower inflation rates, and increase external reserves. The secondary focuses of COMESA include exchange rate policy, interest rate policy, and economic growth as a whole.

The Economic Community of West African States (ECOWAS) is another REC. Its main goals are to successfully integrate industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions, and social and cultural matters in Africa. Furthermore, ECOWAS promotes trade between the member states, stimulates economic growth, and supports infrastructure and development projects, based on the theory that intra-regional improvements, like road construction and telecommunications, are healthy for the regional economy. Like many other RECs in Africa, ECOWAS has its own specific set of macroeconomic convergence criteria, but none of them are politically backed. Two other prominent RECs in Africa are the Eastern African Community (EAC) and the Economic and Monetary Union of Central Africa (CEMAC).

The Treaty of Abuja is a plan that the AU is currently implementing to combine these RECs and institute the afro as Africa's common currency. The Treaty divided the task into six stages to be implemented over the course of 34 years, ending in 2028. The first stage aims to strengthen the existing RECs and create new ones where needed. This is to be followed by stabilization of tariffs and other barriers to regional trade, as well as coordination of all activities of the RECs. The third and current stage calls for the establishment of a free trade area and a Customs Union in each REC. Next, there will be coordination of tariff and non-tariff systems among these communities, with the goal of establishing a Continental Customs Union. After this, the African Common Market will be established, consisting of an economic and monetary union composed of a single market with a common currency. The sixth and final stage calls for the integration of all sectors and the establishment of an African Central Bank and a single African currency. Optimistically, the African Economic and Monetary Union will be established by 2028.

Analysis

In August 2003, the Association of African Central Bank Governors announced that it would work toward a common central bank and a single currency by the year 2021. Although many organizations like these are setting goals for themselves, the issue has been prominent for so long that some believe these hopes are too optimistic. The strategy relies solely on the few existing RECs and their monetary unions, but little research has been done on the desirability of a single African bank and currency.

One of the ways in which African nations are encouraged to expand the regional monetary union is through the New Partnership for African Development (NEPAD). This plan was adopted in 2001 by the AU. It corrects governance failures in the continent and works towards four specific goals. First, the plan attempts to stop regional conflicts through peacekeeping efforts and to control and prevent armed involvement in conflicts between rebels from neighboring countries. Second, the plan aims to increase transportation and communication links for the stimulation of trade. The third goal is to adopt sustainable macroeconomic policies by making currencies convertible and the promotion of low inflation in order to reduce budget deficit. Finally, NEPAD will work to promote and attract investment in three major areas that affect Africans directly: infrastructure, health, and education.

The reasons for which Africa has had trouble creating sustainable economic growth are complex. Many studies claim that African nations have had trouble receiving direct foreign investments, despite the opportunities created from macroeconomic convergence. Also, there has been little aid in development.

Lack of technology hinders sustainable economic growth as well; most African nations do not have a variety of products to export and trade. One of the primary reasons that there is a lack of sustainable economic growth is that Africa does not conduct much overseas trade, which makes it difficult to stimulate intra-continental trade.

Conclusion

A common currency will allow all African nations to become more active in the global economy and strengthen economic ties and inter-continental trade. However, there is no working method to achieve this goal. It is up to the committee to decide how to best improve Africa's currency system to ensure the best economic, social, political, and environmental outcomes.

Questions to Consider

- What are some strategies for supporting further intra-regional development? What types of development would be most beneficial for each region?
- How should the African Union solve the crisis of having a divided economy?
- What are the advantages of having one common currency for the whole continent? What are the disadvantages?
- What are the political and economic benefits of having one African Monetary Union that presides over the continent? How would this be similar to the European Monetary Union?
- How much financial authority would be given to the African Monetary Union, and how much would be reserved for individual nations?
- How can corruption, unrest, and constantly changing governments still allow the African Union to go about pursuing a monetary union? How can these obstacles be overcome?
- How can African nations become more active in international trade? How would this support economic growth?
- What sort of policies does the UN have the power to pass that would aid African nations in sustainable economic growth?

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