The African Union Commission – Department for Political Affairs, Peace and Security - presents its compliments to the Ministry of Foreign Affairs of the Federal Democratic Republic of Ethiopia and to all Embassies of the African Union Member States in Ethiopia, Permanent Missions to the African Union in Addis Ababa, and has the honor to inform the latter that the 2023 African Decentralisation Day (ADD) will be celebrated at national level on **10 August 2023** under the theme: **"The contribution of African Subnational and Local Governments in the Making of the African Continental Free Trade Area"**.

This theme is inspired by the theme of the Year of the African Union, which is: **"Accelerating the implementation of the African Continental Free Trade Area"**.

Please find hereto attached the concept note related to the 2023 ADD theme and sub themes.

The African Union Commission – Department for Political Affairs, Peace, and Security - avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Federal Democratic Republic of Ethiopia and to all Embassies of the African Union Member States in Ethiopia, Permanent Missions to the African Union in Addis Ababa, assurances of its highest consideration.

Addis Ababa, 7 July 2023

- Ministry of Foreign Affairs of the Federal Democratic Republic of Ethiopia
- All Embassies of African Union Member States, Permanent Missions to the African Union
  
  Addis Ababa, Ethiopia.
CONCEPT NOTE
THE THEME AND SUB-THEMES FOR THE AFRICAN DECENTRALIZATION AND LOCAL DEVELOPMENT DAY (ADD) 2023 CELEBRATION

THE CONTRIBUTION OF AFRICAN SUBNATIONAL AND LOCAL GOVERNMENTS IN THE MAKING OF THE AFRICA CONTINENTAL FREE TRADE (AfCFTA)

10 August 2023
(in All AU member States)

AFRICAN UNION COMMISSION - (AUC)
Department of Political Affairs, Peace, and Security-(D-PAPS)
Directorate of Governance and Conflict Prevention
Addis-Ababa, Ethiopia
INTRODUCTION

1. On 10 August every year AU member States celebrate the African Decentralization (ADD). It is a well-established tradition that the ADD’s theme is aligned with the African Union theme of the year. The AU theme chosen for 2023 is “Accelerating the implementation of the African Continental Free Trade Area”.

2. The agreement to establish the African Continental Free Trade Area (AfCFTA) was coordinated by the African Union (AU) and signed by its member States in Kigali, Rwanda, on 21st March 2018. The agreement entered into force on 30 May 2019 after its ratification by AU member States, making it to be the second largest institutionalized free-trade area in the world, just after the World Trade Organization (WTO).

3. AfCFTA aims to create a single African market for goods and services, with free movement of people and investments; and to promote economic integration and development across the continent, in line with the African Union Agenda 2063. The rationale for establishing AfCFTA was to define the rules of origin for Africa commodities and agree on a drastic reduction of tariffs on commodities to allow entrepreneurs of all sizes to have access to a wider market than before. By providing entrepreneurs the possibility to upscale their businesses, and produce and trade more, including beyond the national boundaries, AfCFTA offers the opportunity to transform what is being produced and to launch an industrialization process for the creation of value addition on the continent. It is expected that the AfCFTA contributes to raise the percentage of trade between African countries from 16 per cent at the time of its inception, to a minimum of 25 percent within a decade (around 2030) and over 40 per cent by 2045. However, for the agreement to be implemented successfully, a conducive environment that supports establishment of productive and efficient value chains and allows businesses to capitalize on new market opportunities needs to be developed using trade facilitation reforms.

OBJECTIVES AND RATIONALE OF THE AFRICAN DECENTRALIZATION AND LOCAL DEVELOPMENT DAY (ADD)

4. In June 2014, the Heads of State and Government meeting at their Summit in Malabo, Republic of Equatorial Guinea, adopted the African Charter on the Values and Principles of Decentralization, Local Governance and Local Development. This Charter is a genuine unifying instrument adopted by the leaders of African States at the highest level, with a view to encouraging the implementation of decentralized and democratic governance policies in the management of public affairs, in accordance with the stated hared fundamental values of the African Union.

5. The provisions of the Charter are therefore resolutely consistent with the African Union’s Agenda 2063 and are framed in such a way to ensure that the policies defined at continental level have a concrete impact on the populations at the level of cities and territories.

6. The African Charter on the Values and Principles of Decentralization, in its article 20 paragraph 4, institutes the commemoration of the African Decentralization and Local Development Day (ADD) on 10 August each year. The celebration of the ADD by AU Member States is organized under the authority of the Sub-Committee on Decentralization and Local Governance of the African Union Specialized Technical
Committee No. 8 on Public Service, Local Governments, Urban Development and Decentralization (AU-STC N8).

7. This requires a enabling environment for business growth often created by the national government. But the environment to put in place for the development of SMEs and their capacity to trade beyond the national boundaries of countries they operate from include also provision of basic infrastructure and services such as access to water, energy, transport and logistics services, necessary for the operations and performances of business activities. They include availability of skilled manpower for these business activities to operate effectively and efficiently. They also imply that some essential aspects of the living conditions of the people are properly addressed, among which, housing, education, health, public space, cultural, recreation or leisure activities. Most of these activities are under the responsibilities recognized or devolved to subnational or local governments.

JUSTIFICATION OF THE THEME AND SUB-THEMES

8. The subnational and local governments are places where wealth is produced and traded. They are therefore a critical level of government to work with when it comes to operationalizing the AfCFTA, since the bulk of actors involved in intra-Africa trade are African SMEs.

9. Core to the acceleration of the realization of the AfCFTA agenda is therefore the extent to which African subnational and local governments are part of its implementation, because after all, every business is local, and intra-African trade means nothing less than creating a spider of localized business SMEs structuring an integrated network of exchange of goods and services throughout the African continent.

10. These SMEs are housed in and operate mainly from the subnational and local governments. Their development and that of the trade associated to it depends on the environment created by the national governments for effective decentralization, business development, and trade facilitation.

11. Despite the fact that decentralization laws of most African countries entrust the subnational and local governments with the responsibility to plan and implement the economic and spatial development of their territory, many key conditions and frameworks are lacking for them to efficiently participate in the making of the AfCFTA. Removing the hurdles that impedes the development of free trade and that can be addressed at the subnational and local governments is therefore a precondition to the strengthening of the AfCFTA.

12. Subnational and local governments are also expected to adopt policies and strategies that favor place-based development, city or territory attractiveness, development of SMEs, and jobs creation, among others. But the environment to put in place for the development of SMEs and their capacity to trade beyond the national boundaries of countries they operate from include also provision of basic infrastructure and services such as access to water, energy, transport and logistics services, necessary for the operations and performances of business activities. They include availability of skilled manpower for these business activities to operate effectively and efficiently. They also imply that some essential aspects of the living conditions of the people are properly addressed, among which, housing, education, health, public space, cultural, recreation or leisure activities. Most of these activities
are under the responsibilities recognized or devolved to subnational or local governments.

13. In other words, subnational and local governments should be recognized from now on as the cornerstones for boosting the AfCFTA, since they are the host to SMEs that are the main players in the expansion of trade dynamics beyond the boundaries of the localities and countries these SMEs operate from. Thus therefore, in consistency with the AU theme of the year, the theme retained for the celebration of the 2023 African Decentralization Day (ADD) is "The contribution of African Subnational and Local Governments in the Making of the African Continental Free Trade Area".

14. The discussions on this theme will be unpacked according to the following subthemes:

Subtheme 1: Removing the hurdles to free trade dynamic: what are the enabling conditions for the effective participation of African subnational and local governments in boosting the AfCFTA.

Subtheme 2: What to do to make the AfCFTA every one business in African subnational and local governments?

Subtheme 3: Winning game for the AfCFTA: boosting the dialogue between SMEs and subnational and local governments.

15. Members states can choose to any of the subthemes for the celebration or address the three of them. The celebration should also be an occasion to address the specific contribution of women and youth as the beating heart of free trade in Africa.

16. It is expected that member states submit a report on the way the ADD was organized, highlighting the theme retained, the agenda of the activities conducted and the attendance to these activities, as well as the conclusions and recommendations adopted. This report should be submitted no later than 30 October 2023 to the AU-STC 8 Secretariat:

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