

There are no translations available.

Among the main decisions arisen during the 37th AU summit held from 15th January to 18th February 2024 in Addis Ababa, Ethiopia, there is the launch of an [Alliance for African Multilateral Financial Institutions](#) (AAMFI), also called "Africa Club". AAMFIs are a group of African-owned and African-controlled financial institutions that were created to support investments and financing needs of African States. They include the African Export Import Bank ([AfreximBank](#)), the [Trade and Development Bank](#) (TDB), the [Africa Finance Corporation \(AFC\)](#), the [African Reinsurance Corporation \(Africa-Re\)](#) and the [African Trade and Investment Development Insurance \(ATIDI\)](#). All these institutions are owned and participated by African states and play an important role on financing and investment in Africa, by supporting African states' debt during recent times of crisis. So far, however, they have acted independently from each other. The idea is to create a structure that can coordinate the actions of all these institutions so that they can work in a concerted manner.

In this regard, a proposal will be considered by the AU Assembly of Heads of State and Government to adopt a [decision](#) to invest up to thirty percent (30%) of foreign sovereign reserves of African States in African financial institutions, diverting these sums from the contributions that are currently paid to financial institutions outside Africa. In this regard, a study by [Elhiraika and Ndikumana \(2007\)](#) that used data from 1979 to 2005 found that more than 95 per cent of African non-gold reserves (mostly of which are generated from exports or aid flows) were held in foreign exchanges (mainly US dollars), deposits with monetary authorities and banks and securities (US/foreign government securities, equity, bonds and notes, money markets, derivatives) and are used for the payment of the reserve position in the International Monetary Fund (IMF), which is a major constituent.

At present, it is not yet clear how the Africa Club will work and if this decision of the AU Assembly of Heads of State and Government to invest up to 30% of foreign sovereign reserves of African States in African financial institutions will be adopted. The problem, however, is not its adoption, but its implementation.

Indeed, it is not the first time that the AU Assembly try to use these decisions to influence the investment choices of its member States. In 2007, the Decision of the Heads of State and Government [AU/Dec.161 \(VIII\)](#) , urged African nations to allocate at least 1% of their Gross Domestic Products (GDP) in investments in Research & Development (R&D) within the year 2010, as already established in a previous decision adopted in 2006 by the AU Executive Council called “Khartoum Decision” (EX.CL/Dec.254 (VIII)), and as set out in Agenda 2063 too. Yet, the latest figures on the share of R&D expenditure as a proportion of GDP in Africa, issued in 2019, revealed that it was only 0.45%: ...mission failed.

Moreover, the frequent calls of AU Institutions for African nations to respect this commitment have not been taken so far into consideration.

A similar situation happened with regard to the establishment of the African Monetary Fund (AMF) and the African Investment Bank (AIB): two institutions whose creation is foreseen in the AU constitutive act (art. 19). The legal instruments to establish the AIB and the AMF were adopted respectively in 2009 and 2014, but none of them has reached the requisite number of ratifications to enter into force.

Will the same happen with regard to the 30% of foreign sovereign reserves to be invested in African financial institutions? Historical precedents seem to suggest this hypothesis. In the meantime, a positive achievement of the 37th AU Summit is the official approval by the AU Assembly of Heads of State and Government, [as planned](#)

, of the African Continental Free Trade Area (AfCFTA) Protocol on Digital Trade. On the same occasion, the Secretary General of the AfCFTA Secretariat, Wankele Mene, was re-appointed for covering another 4-year mandate as Head of the Secretariat.