ECA Conference of Ministers

Advancing the implementation of the Agreement Establishing the African Continental Free Trade Area proposing transformative strategic actions

Fifty-seventh session of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development

12 - 18 March 2025 Addis Ababa

United Nations
Economic Commission for Africa

Bulletin 3

Click on the items below to go to the story / Cliquez ci-dessous pour accéder aux articles

LEAD STORY

Africa must drive its own destiny

SEZs: Boosting exports

Infrastructure: Barrier to development

Payments: Devil is in the detail

Tax: ICT tax conundrum

AfCFTA under the spotlight

Reaching for resilience

Embrace Adedeji's vison of unity

Scan to access meeting documents

Africa must drive its own destiny in a fast-changing world

The 57th session of the Economic Commission for Africa's Conference of African Ministers of Finance, Planning and Economic Development ended with a rousing call from Claver Gatete, Executive Secretary of the ECA, for Africa to own and pursue its own development agenda.

Gatete said the meeting came at a moment of profound global changes which called for reflection on the next steps the continent needs to take.

He said the continent must recognise that the global economic realignments, technological revolution and changes in trade, investment and aid flows are coming at a time when the global financial architecture has been shown to be unfit for contemporary purposes.

"Africa in the face of these global developments has no other choice than to act – and act proactively," he stressed, noting that "what has become abundantly clear in our deliberations is that Africa must take charge of its own economic destiny."

Gatete said the resolution from the conference on the development of value chains reflected the commitment of Member States to industrialisation, greater intra-African trade and value addition, and could prove to be decisive in breaking Africa's dependence on commodity exports.

"As global supply chains are being reconfigured and a new continental free trade market takes shape, Africa must rethink and reorganize its supply, production and trade networks for greater resilience and sustainability," he said.

The resolution on artificial intelligence, Gatete said, underscored the technology's capacity to transform the continent. "With AI projected to contribute $1.2 trillion to Africa's economy by 2030, and boosting GDP by 5.6%, the opportunity before us is undeniable, he said.

Stressing that the AfCFTA is the continent's best chance to boost trade and reduce dependence on external markets, Gatete called for African countries to move from commitments to real actions in support of the policy. "At the end of the day, we need to rethink the way we do things, and we have an answer in the AfCFTA, " he said.

Morocco elected to the Bureau

Ryad Mezzou, Minister of Industry and Commerce, Kingdom of Morocco, was elected to head the COM2025 Bureau on the first day of the ministerial segment of the Conference of African Ministers of Finance, Planning and Economic Development.

Mezzou will steer the affairs of the committee in the coming year. Morocco was elected alongside Cameroon (representing Central Africa), Benin (West Africa), and Kenya (East Africa).

Accepting the chair, Mezzou called for decisive measures to ensure the implementation of the African Continental Free Trade Area.

"Africa must not be an exporter of raw materials and importer of manufactured goods and commodities. We need to build strong regional value chains in the various sectors where we have comparative advantage," he urged, pointing to the example of Moccoro, which has become a hub for fertilizer production through its strategic policies.

Mezzou takes over from Nthuli Ncube, Zimbabwe's Finance Minister, who thanked the Commission for its support during his tenure.

Guided Trade Initiative success story

"One of our significant success stories is the launch of the Guided Trade Initiative (GTI), AfCFTA Secretariat Executive Secretary Wamkele Mene told delegates at COM2025. It has facilitated the exchange of value-added goods like processed foods and textiles among 39 participating countries. The number of certificates of origin issued has surged from 13 in 2022 to over 2,600, demonstrating the growth trade activity under the AfCFTA's preferential tariff system, said Mene.

The AfCFTA is not only increasing trade volumes but also driving structural economic diversification, he said, citing South Africa's trade with Kenya, which included manufactured goods like refrigerators, demonstrating a move toward higher-value exports.

Rwanda exported packaged coffee to Ghana, while Tanzania exported coffee to Algeria, showcasing how traditional exports are transitioning to value-added products.

"Notably, many of these transactions involve women-led SMEs and rural communities, reinforcing the inclusive impactof the AfCFTA. A female entrepreneur from Rwanda, for example, successfully exported packaged coffee to Algeria."

However, sustaining the GTI's momentum requires stronger private sector participation. To facilitate this, the Secretariat is strengthening B2B networking through the Biashara Africa Project, which includes roadshows, trade forums, and investment promotion activities.

Self-sufficiency is within our reach, says AfCFTA's Mene

The priority for the African Continental Free Trade Area is full implementation of the initiative as Africa reaches for greater resilience, economic diversification and self sufficiency in a world where trade and tariffs have become weaponised, says Secretary General of the AfCFTA Secretariat, Wamkele Mene.

In his address to the 57th Conference of African Ministers of Finance, Planning and Economic Development, Mene said the AfCFTA was not just about increasing trade volumes but also driving structural economic diversification.

In the light of the need to move forward, and to pull investors and business along, the Secretariat is implementing its private sector engagement strategy, focusing on four high-potential industry segments: agriculture and agro-processing, automotive, pharmaceuticals, and transport & logistics.

"These sectors were selected based on their strong potential to meet local demand with local production, he said.

In the automotive industry, the Secretariat is collaborating with Afreximbank, the African Association of Automotive Manufacturers, and the African Organization for Standardization to strengthen local vehicle and components manufacturing.

This includes initiatives such as the beneficiation of critical minerals for New Energy Vehicles.

"In the pharmaceutical sector, we are advancing a pooled procurement mechanism, coordinated by African Union agencies, to support affordable access to medicines." This is supported by the Intellectual Property Rights Protocol.

A solid legal framework for the AfCFTA underpins negotiated protocols on trade in goods and services, dispute settlement, investment, competition policy, intellectual property rights, digital trade, and women and youth in trade.

He outlined the operational tools already put in place. The E-Tariff Book, a digitalized database that provides importers and exporters with precise tariff information for each product and country.

The Rules of Origin Manual is a comprehensive guide to assist businesses to comply with trade regulations. The AfCFTA Adjustment Fund, which has already mobilised $1bn, was established to address economic disparities.

The Pan-African Payment and Settlement System (PAPSS) platform allows businesses to transact in local African currencies. Uptake to date had been slower than expected, he said, and efforts are ongoing to accelerate adoption by commercial and central banks.

Trade and tariffs have become weaponised

AfCFTA is Africa's master plan for renewal

The African Continental Free Trade Area is "Africa's master plan for economic renewal," ECA Executive Secretary Claver Gatete said at the opening of the Conference of African Ministers of Finance, Planning and Economic Development.

"As we convene, we do so against the backdrop of a precarious global economic terrain characterized by heightened geopolitical tensions, shifting alliances, unjust trade tariffs and mounting debt crises," he said.

Pointing to the recalibration of economic power, Gatete said countries in the Global South, including those in Africa, had no choice but to adapt to the rapidly evolving global economic situation.

Gatete said the AfCFTA has the potential to boost the continent's economic fortunes. "By 2045, it is projected to increase intra-African trade by 45% and enhance Africa's GDP by 1.2%. The AfCFTA will also significantly boost expansion in sectors such as agri-food by 60%, industry by 48%, services by 34%, and energy and mining by 28%."

For African countries to enjoy the full benefits of the trade agreement, Gatete proposed the strengthening of partnerships, including investment partnerships. "It is imperative that governments work closely with the private sector to derisk business environments and eliminate non-tariff barriers."

In addition, he said, regional value chains and special economic zones must be strengthened. "ECA's collaboration with institutions like BADEA, African Development Bank, Afreximbank and the Africa Finance Corporation has already demonstrated results ranging from Botswana's beef regional value chain and East Africa's food systems development to the DRC–Zambia battery value chain."

Gatete also called on African countries to mobilise domestic resources for industrialization and curb illicit financial flows. He stressed that Africa does not lack capital but is challenged in channelling it into productive sectors.

"Our pension funds alone hold approximately $1.3 trillion in assets. If just 10% was invested in industrialization, Africa could inject over $130bn into its industrial base, reducing reliance on expensive external financing."

The success of the AfCFTA, Gatete emphasised, requires bold action, strong political will and sustained commitment, with its priorities integrated into national development plans and budgets allocated to its commitments.

Let's tackle our trade barriers

President Taye Atske Selassie of the Federal Democratic Republic of Ethiopia has called for concrete steps to overcome the barriers to intra-African trade.

Delivering the opening remarks at the opening of the Ministerial segment of the ECA's Conference of African Ministers of Finance, Planning and Economic Development, President Selassie said, "We have to move beyond ratification to immediate and impactful implementation."

He proposed setting up national implementation committees and strategies to build institutional capacity.

He further proposed greater investment in physical and digital connectivity, value added manufacturing, empowering micro, small and medium-scale enterprises, university spin-offs, research centres, and technology entrepreneurs to enable young people play an active role in the new trade dispensation.

African countries, he said, must also create a transparent and predictable regulatory framework and ensure equitable access to the digital economy.

Calling for renewed commitment to the AfCFTA, President Selassie charged leaders to "reaffirm our determination to push forward with the necessary reforms and actions that will make the AfCFTA a tangible driver of Africa's economic transformation."

"It is within our power to turn [it] into a reality that avails to and benefits all Africans".

Bold reforms needed to drive trade

The successful implementation of the AfCFTA calls for urgent action to drive reforms at all levels of government, says the ECA's Economic Report on Africa (ERA) launched in COM2025.

The report calls for targeted industrial policies, investment in productive capacity, and support for SMEs. This will help Africa to develop robust value chains in key sectors such as agro-processing, automotive, pharmaceuticals and renewable energy.

Governments must also streamline customs procedures and adopt digital technologies, such as blockchain and electronic data processing, to reduce trade costs and improve efficiency.

This underlines the need for increased investments in digital infrastructure such as broadband networks, data centres, and internet exchange points.

Advancing the free movement of people, goods and capital across borders will be supported by initiatives like the Single African Air Transport Market and the Pan-African Payments and Settlement System.

Investing in sustainable urban development to manage the challenges of rapid urbanization is another strategic imperative for policymakers.

In her presentation on the report, Hanan Morsy, ECA Deputy Executive Secretary and Chief Economist, challenged leaders to think critically about the AfCFTA's social dimensions.

"What kind of human capital and skills should Africa invest in for the future of work? What measures can be taken so the implementation of AfCFTA and the new protocol on women and youth in trade in particular can best support women-led businesses and youth unemployment?" she asked.

AfCFTA benefits will be across sectors - ERA

Africa stands at a critical juncture in its development, with immense potential driven by a youthful population, rich natural resources, and expanding consumer markets, says the ECA's Economic Report on Africa 2025.

However, while economic growth has rebounded post-pandemic, it remains below pre-pandemic levels, limiting progress toward the Sustainable Development Goals (SDGs).

The report examines the African Continental Free Trade Area and its transformative opportunity to accelerate trade-led integration and drive inclusive, sustainable development.

"With the AfCFTA, we have the potential to boost intra-African trade by 45%. While the benefits will be broadly shared across sectors, agri-business and industry are set to benefit the most," said Hanan Morsy, ECA's deputy executive secretary and chief economist, in a presentation on the key highlights of the report at COM2025.

"This presents an opportunity to focus on high-value-addition sectors and advance regional value chains."

She noted that AfCFTA provided an opportunity to stimulate intra-African trade flows in some sectors where Africa already has a competitive advantage such as fertilizer production.

"Between 2019 and 2023, Africa exported almost $10bn worth of fertilizers outside of the continent annually, while importing $3.7bn worth of fertilizer from other regions. This shows we have huge opportunities to deepen that, even with the existing patterns of production," she said.

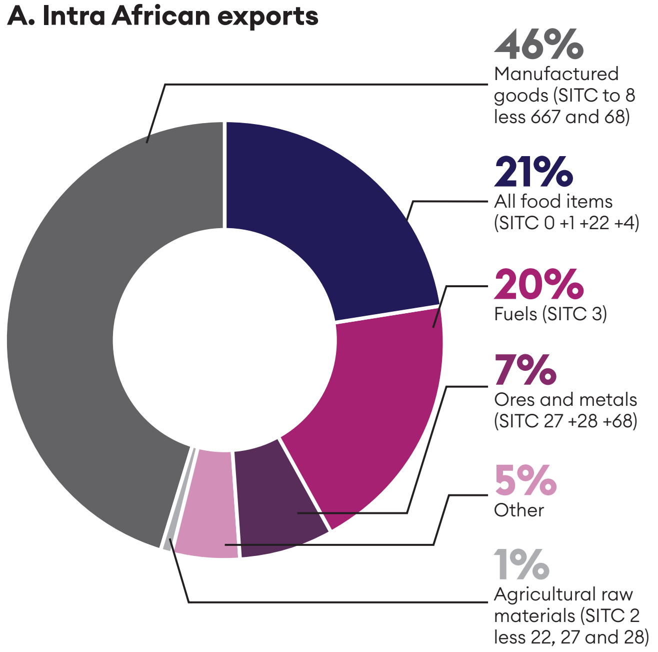
The ERA found that intra-African trade is currently dominated by manufacturing, accounting for 46% of exports, followed by food (21%), fuels (20%) and ore and metals (7%). The anticipated 45% increase in intra-African exports by 2045 will boost the value of the continent's cross-border trade by $275.7bn.

AfCFTA implementation can also accelerate Africa's energy transition, with an estimated $22.4bn of cumulative investments required in electricity generation, transmission, and distribution infrastructure between 2025 and 2040. About 80% of this will go into renewables.

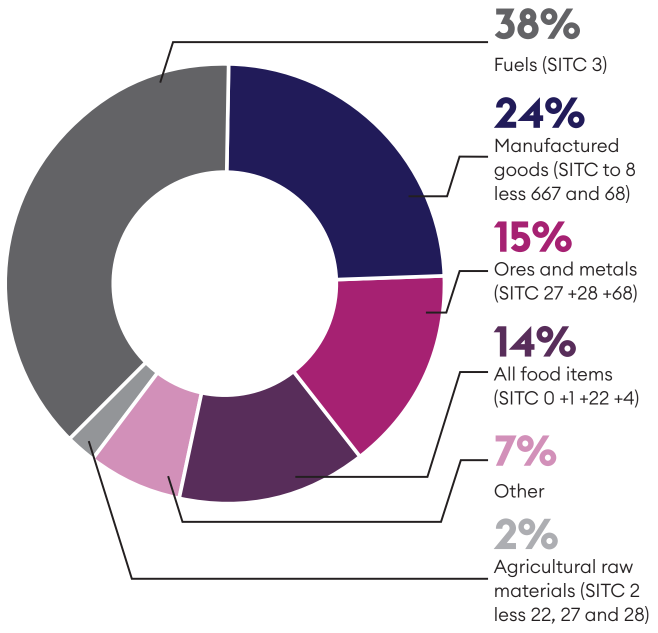
However, realising the agreement's full benefits requires strategic investment, well-designed policies, and synchronized reforms at all levels of government.

Sectorial composition of Africa's exports, per cent of total (average 2019-23)

A. Intra African exports



B.Total Africa's exports

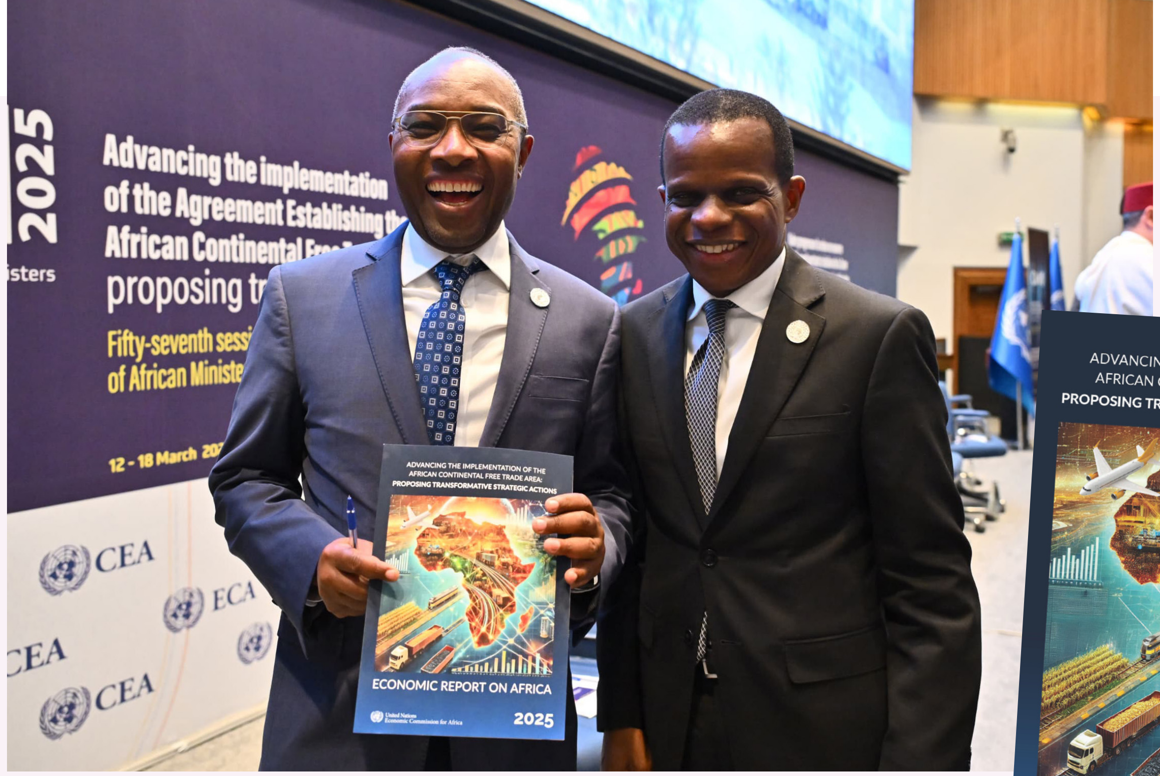


AfCFTA holds the key to economic resilience

The ECA's Economic Report on Africa (ERA) notes that Africa's growth is expected to gradually recover to 3.8% in 2025 and 4.1% in 2026 on the back of increased private consumption and improved trade performance.

However, while growth has rebounded, it remains subdued and is still below the level needed to improve people's living standards and reach the Sustainable Development Goals (SDGs), the report says.

Risks to Africa's growth are heavily tilted to the downside, due to global economic tensions and fragmentations, including risks of an escalated US-China trade war, transnational, regional and domestic conflict, and more frequent and intense climate shocks.



Although Africa's aggregate debt-to GDP ratio is estimated to have declined from 67.3% in 2023 to 62.1% 2025, debt levels remain unsustainably elevated. Concerns over a debt crisis remain, and unfairly high borrowing costs are crowding out essential development outlays. This has fuelled calls for reform of the global financial architecture.

The good news is that the share of Africans living in extreme poverty (at an international poverty line of $2.15 per day) has been gradually declining. However, the number of people living in poverty has increased to an estimated 468 million, exacerbated by recent crises.

The report found that Africa can boost resilience by accelerating climate action, which is taking a huge toll on human life and economic growth. In 2022, weather, climate, and water hazards directly affected more than 110 million individuals on the continent, resulting in economic losses exceeding$8.5bn.

With almost 76 million young Africans not in employment, education or training, the need to invest in skills development is particularly critical, the report argues. These investments are essential for Africa's growth and resilience, given the continent has the world's youngest workforce.

The risk of escalated global trade wars presents a chance for Africa to turn inward and boost intra-regional trade and self-reliance through the AfCFTA, the report states.

Almost 76 million young Africans are not in employment, education or training

PRIVATE SECTOR MUST PARTICIPATE

The AfCFTA is poised to accelerate industrial growth in Africa, given that manufactured goods represent the largest share of exports in intra-African trade.

The ECA's latest Economic Report on Africa (ERA) notes that, between 2019 and 2023, manufactured goods accounted for 46% of intra-African exports, ahead of food items (21%), fuels (20%), and ores and metals (7%).

"This is very good news for Africa," remarked Hanan Morsy, Deputy Executive Secretary and Chief Economist, ECA, in her presentation on the report's key findings and recommendations.

She argued that the agreement presents an opportunity for Africa to "move up the value chain," which will create better jobs, higher wages, and boost productivity.

"AfCFTA opens all sorts of opportunities for the continent to exploit," she said, citing its potential to develop multiple regional value chains such as energy, automotives and agro-processing.

For Africa to achieve sustainable industrial growth, leaders must press forward with key reforms to tackle the significant barriers hindering the manufacturing sector.

Engaging the private sector is also pivotal to the success of AfCFTA and driving industrialisation. The report calls on policymakers to sustain efforts to improve the business environment and attract private investors to partner on Africa's economic transformation.

DELEGATES
AT WORK

The African Continental Free Trade Area (AfCFTA) presents Africa with a chance to embrace trade-led development, Yemi Osinbajo, Nigeria's former vice president, said at the ECA Conference of African Finance Ministers.

Embrace trade-led development, says Osinbajo

Osinbajo, who delivered the 2025 Adebayo Adedeji Memorial Lecture, noted that achieving deeper African unity and integration – ideals that guided Adedeji all through his illustrious career – was possible if leaders intensified efforts to implement the trade agreement.

He highlighted the need to urgently invest in infrastructure to improve connectivity between African countries, stressing that this was one of the major constraints stifling intra-African trade.

"The transportation and logistics network represents perhaps the most critical constraint to intra-African trade," he remarked.

Osinbajo bemoaned the fact that there were still far too many restrictions on the movement of people in Africa. "Visa barriers and work permit restrictions currently undermine the very essence of a single market," he said, urging leaders to fast-track the ratification of the Protocol on Free Movement of Persons.

"It is only through the free movement of African entrepreneurs, professionals, and skilled workers that we can fully activate the potential of our goods and services markets," he said.

He commended ongoing efforts to help African countries reduce and ultimately eliminate tariffs on imports from fellow African countries. "The AfCFTA's Adjustment Facility Fund has also been set up to support member states in mitigating tariff losses and other adjustment costs of liberalization of trade. This is important, considering that for many African countries tariffs account for nearly 10% of revenues.

Osinbajo acknowledged the persistent unemployment challenges facing Africa's youth, arguing that the AfCFTA provided a pathway to better paying jobs for young people on the continent.

Acknowledging the role of the private sector in driving Africa's transformation, he conceded that access to affordable finance remained a significant challenge. He challenged leaders to develop their domestic capital markets.

"African capital markets should be integrated, enabling companies to raise funds across the continent. Regional stock exchanges should facilitate cross border investments, and harmonized financial regulations should allow financial institutions to operate seamlessly across multiple jurisdiction."

Osinbajo underscored the need for committed leaders to drive transformation.

"In the end the success or failure of the AfCFTA will turn on one central point: Leadership. To achieve tangible results for regional integration should be an intentional political project."

Adedeji's vision of an integrated Africa

Yemi Osinbajo, Nigeria's former vice president, described Adebayo Adedeji as a visionary leader and "bold and independent" thinker who championed African integration and believed in trade-led development.

In delivering the annual Adebayo Adedeji Memorial Lecture, he emphasised that Adedeji's ideas and interventions helped to shape critical moments in Africa's economic history.

"The occasion of this lecture allows us to reflect not only on Professor Adedeji's remarkable legacy but also on how far we have come as a continent in pursuing his vision of African economic integration."

"African political and private sector leaders must be persuaded that trade–led development is a tide huge enough to ensure that every ship floats. They must believe, like Adebayo Adedeji did, that the individual success of African nations is best assured by the success of the African continent," he said.

He challenged leaders to take inspiration from Adedeji's vision and press forward with efforts to boost intra-African trade and integration.

ICT tax conundrum

The issue of how much, or little to tax the ICT sector to optimise performance of the economy, improve digital access and create jobs came under the spotlight at the ECA's Conference of African Ministers of Finance.

"All projections are positive for the continent if we do something because we expect the digital economy to be $712bn by 2030 which will increase GDP by 8.2%."

In a presentation, Mactar Seck, Chief Emerging and Frontier Technologies, Innovation and Digital Transformation Section Technology, Innovation, Connectivity and Infrastructure Division, ECA, said the picture was mixed.

Seck, citing ECA research, said Zambia had increased taxes and also seen a concurrent increase in tax receipts and job creation as well as a 14.6% increase in broadband penetration. Kenya showed a similar trend on all the same areas, with a 9.7% increase in broadband penetration.

Ethiopia and Nigeria had decreased taxes and seen an increase in broadband penetration of 4.6% and 4.9% respectively and a large increase in jobs but lower tax receipts.

An increase in taxes in the first scenario, Seck said, was due to enhanced productivity throughout the economy and a widening of the tax base through improved efficiencies and growth.

Research showed that a 10% increase in broadband penetration could produce additional GDP growth of between 0.8% and 2.46%.

However, he said, despite some progress in the past 20 years, Africa remained the least connected continent. In the past five years, there had only been a 1% increase in connectivity.

Seck and other speakers said a big issue for digital access in Africa was affordability as well as the large digital divide between urban and rural areas.

"Africa's broadband costs are high compared to other countries – at least five times that of other continents. We need to do something about this," he said.

"All projections are positive for the continent if we do something because we expect the digital economy to be $712bn by 2030m which will increase GDP by 8.2%."

Lowering costs of digital access is key

Instant payment systems and building digital inclusivity in Africa has cost and efficiency benefits but many issues still need to be tackled to build trust among consumers, speakers said at a panel discussion held during the 57th Conference of African Finance Ministers.

"Cross border payment systems can be a game-changer in advancing the AfCFTA. They accelerate the time and reduce the cost of doing a transaction and address perennial foreign exchange constraints," said Hanan Morsey, Deputy Executive Secretary (Programmes) and Chief Economist, ECA.

But many issues need to be addressed on this journey, she said. These included putting in place supportive regulation, looking at issues of digital infrastructure and interoperability and ensuring data privacy and safeguarding information.

"This goes beyond the central bank of one country and to how we can have that oversight at a continental level."

"We also need to look at digital public infrastructure and see what we need from a cross-border perspective, and how to bring down costs of internet to improve access."

Lacina Koné, Director General and CEO of Smart Africa said issues of identity and trust were interlinked and were a handbrake on building digital penetration.

He said 450 million Africans, who lack proof of identity, "continue to keep cash in boxes – that is the big opportunity. If we don't tackle that we cannot talk about transforming the continent".

"You can't have digital inclusion if we don't know who you are. How can you do business in another country if they can't authenticate your ID. Trust will be an enabler of the AfCFTA."

Infrastructure demand boosts investment opportunities

The implementation of the African Continental Free Trade Area is expected to bring tremendous opportunities for investment in the continent's infrastructure.

Panellists at a roundtable discussion on the nexus between the AfCFTA and infrastructure development during the Economic Commission for Africa's Conference of African Ministers of Finance, Planning and Economic Development agreed that increased intra-continental trade will require improvements in digital and physical connectivity on the continent.

Robert Lisinge, Director of ECA's Technology, Innovation, Connectivity and Infrastructure Division, noted that trade and infrastructure are " mutually reinforcing" and that with increased trade will come opportunities for the transport and energy sectors.

"Our research shows that with the implementation of the AfCFTA, we will need an additional 2 million trucks, 150,000 rail wagons, over 150 maritime vessels and 250 aircraft. This represents over $400bn in opportunities for investment in transport," he said.

By 2030, Lisinge said, demand for energy is also expected to rise by 3%, while by 2035, an additional 80% of electricity generation will be required compared to 2020 levels.

Reflecting on the infrastructure funding gap, Mike Salawou, Director, Infrastructure and Urban Development Department, African Development Bank said while the bank had invested about $45bn in cross-border infrastructure, much more was needed to close the funding gap.

"According to our estimates, Africa's infrastructure needs are between $130 bn and $170bn annually, '' he said, adding that " average annual investment in Africa's infrastructure has been approximately $80bn, leaving a funding gap of between $70 and $90 bn."

Investments in the various sectors, Salawou explained, were moving at varying paces. "ICT is the sector that has attracted the most private sector investment on the continent, enabling us to narrow that. Transport and energy also have the benefit of attracting private sector investments. The gap in water is extremely high, accounting for about 50% of the gap, with transport at 16% and energy at 21%," he revealed.

Elizabeth Maruma Mrema, Assistant Secretary-General of the United Nations and Deputy Executive Director of the United Nations Environment Programme, stressed the need to account for climate resilience in the continent's infrastructure planning.

"Climate resilient infrastructure plays a critical role in supporting cross-border trade in Africa by ensuring that the airports, ports and transport networks remain operational," she pointed out.

Mrema explained that the additional cost of integrating resilience into existing infrastructure systems is estimated to be only 3% of the total investment required, contrary to the perception that it is prohibitively expensive.

Africa's sub-regional multilateral development banks (MDBs) need to strengthen their strategic partnerships and find innovative ways to boost their capital, speakers said at an event held to discuss their role in delivering on Africa's development objectives.

Africa's development banks must forge strategic partnerships

The discussion held on the sidelines of the ECA Conference of African Ministers of Finance, Planning, and Economic Development, focused on how MDBs could enhance their capacity to mobilize resources, attract private sector investment, and contribute more to economic transformation.

Hanan Morsy, Deputy Executive Secretary and Chief Economist, ECA, underscored the critical role sub-regional MDBs could play in bridging Africa's financing gap.

To do so, they needed to be empowered to mobilise long-term resources and provide more affordable financing, particularly in light of the tightening global Financial conditions and the retreat of development assistance.

Morsy attributed many of Africa's financing challenges to the inequities of the global financial architecture, saying the ECA is playing a key role in reform (see box).

There is consensus in high-level working groups that African MDBs need to play a bigger role in development. But it is key to see how well they are using their existing resources and whether their balance sheets were sufficient to meet the need.

Admassu Tadesse, President and CEO of the Trade and Development Bank, said MDBs relied on the quality of their shareholders for ratings, for capital raising and also for leveraging callable capital.

He said many sovereigns were not well regarded so MDBs needed to drive strategic partnerships to leverage capital. "Finance is an art. It is all about leveraging and multiplying," he said.

Most African MDBs don't have a continental mandate, which is restrictive and affects credibility.

Two-thirds of TDB's balance sheet is dedicated to trade finance. "There is lots of risk in the supply chain, so Africa needs institutions that understand it to underwrite the risk."

He mentioned the long relationship between the TDB and the Arab Bank for Economic Development in Africa (BADEA). "We need a club of institutions that have strong relationships among themselves. We can build Africa's capital this way."

Fatima Elsheikh, Secretary General of BADEA, said the organisation had committed to a big increase in its capital base in response to the growing needs in Africa. Its programme priorities in Africa follow the national lead. "We are demand driven."

She called for more innovation in terms of cross-border payments, while Morsy said Africa could save $5bn in trade costs by effecting transactions in local currencies, without dealing with a third currency.

IMF's SDRs could be transformative

Hanan Morsy, ECA Deputy Executive Secretary and Chief Economist, in the discussion about the role of multilateral development banks (MDBs) in Africa's development, attributed many of Africa's financing challenges to the global financial architecture.

She highlighted the need for reforming the system to create a more equitable system that would allow African MDBs to access financing on more favourable terms.

Discussions also focused on the potential of Special Drawing Rights (SDRs) reallocation as a means of strengthening MDBs' capital base and expanding concessional lending to African countries.

Efforts include advocating the rescheduling of IMF Special Drawing Rights (SDRs), she told attendees at the roundtable meeting held on the sidelines of COM2025.

A framework put forward to the IMF to channel these resources as hybrid capital had been approved in 2024 by the organisation's Executive Board but it had not yet been operationalised.

Leveraging

The IMF had agreed to channel 15 billion worth of SDRs and while this was a very small share – just 2% of available SRC resources – it would be a good start. "We can use it to build impact and scale so we could possibly tap more in time."

"The amount of resources sitting idle at the IMF is huge but if these resources, like the SDRs, are channelled, they can become three to four times larger through leveraging and a multiplier effect.

Location, access to finance seen as key to SEZ success

Kenya's delegation at COM2025 warned that political considerations about the location of special economic zones (SEZs) sometimes overshadowed strategic and economic priorities.

"We have about five SEZs coming up. We need to find exactly where to locate them. Many decisions on where to locate them can be political but the set up of an industry goes beyond political considerations," said a the delegate from Kenya during a discussion on the role of SEZs and the AfCFTA.

The choice of location is a critical factor for the success of SEZs, as these zones require optimal access to utilities, labour, trade networks, and markets to attract operators.

Kenya's delegate said that access to long-term credit was another major bottleneck hindering the growth and success of SEZs. The the cost of capital remained far too high for many wanting to set up in the zones.

"There needs to be a structured approach to ensure that countries can access long- term affordable credit. If we don't, the SEZs in Africa will all be run and operated from outside. That does not empower the continent."

The delegation from Togo emphasized the need for careful intergovernmental consultations in the process of crafting policies aimed at attracting investors to SEZs .

SEZs will boost industrial growth and export capacity

A new generation of special economic zones (SEZ) that foster the conglomeration of export-oriented industries and promote innovation, sustainability and value chain integration is gaining traction globally.

Africa should embrace this new model to boost exports, diversify its economies and drive industrial growth, Stephen Karingi, Director of the ECA's Regional Integration and Trade Division, argued at a roundtable during the Conference of Ministers.

He said that this new generation of SEZs would enhance the continent's attractiveness to investors, giving the example of DR Congo, where interest is growing around special zones designed to harness the country's mineral reserves to support electric vehicle battery production.

"An ECA and Bloomberg study found that building a plant for battery manufacturing is three times cheaper in DR Congo than in the US." It also has 30% less carbon emissions that doing the same in China, he said.

He noted that Africa had numerous SEZs but that the picture of success was mixed. "We had 237 SEZs in Africa in 2020, most of them in Kenya, Nigeria, Ethiopia and Egypt in that order. We've had mixed results," he said.

Ryad Mezzour, Morocco's Minister of Trade and Investment, noted that the Kingdom had 19 zones, of which 15 were "doing well". He believed the success of the model in Morocco was because operators knew and understood the export-oriented business model.

"For you to benefit from SEZs, your business model must be that at least 80% of your business must go to export," he explained, noting that the authorities also played their part in driving success by providing reliable services.

Mavis Owusu-Gyamfi, President and CEO of the African Centre for Economic Transformation (ACET), said success hinged on policy predictability and political stability in light of the long-term investment horizons of projects in the space.

"You need to be intentional in SEZs and stick to it to be successful."

Fatima Elsheikh, BADEA Secretary General, emphasised the pivotal role that the Bank is playing by ensuring lenders on the continent are better capitalised to support transformative projects, including SEZs.

An ECA and Bloomberg study found that building a plant for battery manufacturing is three times cheaper in DR Congo than in the US.