



AFRICA TRADE INSIGHT

VOL 3 . September 2024



IN THIS ISSUE

Editorial	1
Lead Story	4
Thematic updates	6
Regional highlights	12

EDITORIAL:

Advancing AfCFTA Implementation through National Strategies: Building a Peer-Learning Community

By Stephen Karingi, Director, Regional Integration and Trade Division

The African Continental Free Trade Area (AfCFTA) represents a monumental opportunity for the continent. The 2018 Agreement that established the AfCFTA contains a bundle of reciprocal commitments exchanged among



sovereign states to dismantle national barriers to the free movement of goods, services, and capital across their common borders. By doing this, the AfCFTA offers Africa the opportunity to move beyond the colonial legacy of small and fragmented markets, towards a unified market of over 1.4 billion people with a combined GDP of around USD 3 trillion. With the implementation of the AfCFTA, over fifty isolated national markets will be progressively replaced with a single integrated African market. Put differently, African citizens will progressively look to the continental market as their “domestic market”. This large continental market will attract large scale investment in manufacturing, support the development of regional value chains, and spur Africa’s industrialization, improve its economic diversification, and boost its resilience against external shocks. That is why the AfCFTA is often described as Africa’s new blueprint for accelerated integration, prosperity, and transformation.

However, the realization of this enormous promise hinges on one critical factor – comprehensive, timely, and faithful implementation of the commitments contained

in the AfCFTA Agreement. As noted earlier, because the commitments are undertaken by individual State Parties, implementation is primarily a matter of national action. The regional and/or continental institutions and platforms play a fundamentally supportive and facilitative role. The focus is therefore on implementation at the national level.

As can be seen from the swift entry into force of the AfCFTA Agreement and its current status of ratification by all but eight of the 55 AU member states, there is high level of political will behind the AfCFTA. Building on this momentum and in appreciation of the critical importance of implementation, in July 2018 the AU Assembly of Heads of State and Government adopted a decision that encourages Member States to guide their AfCFTA implementation efforts with comprehensive national AfCFTA strategies. This directive was a reaffirmation of the call made by the 51st session of the UNECA’s Conference of African Ministers for Finance, Planning, and Economic Development in May 2018, which urged African nations to establish AfCFTA national implementation strategies.

Following this decision, ECA has been at the forefront of supporting African countries develop national and regional AfCFTA implementation strategies since 2019. So far, ECA has supported 36 countries to bring their national AfCFTA implementation strategies to completion, while about ten others are at different stages in the process.

Considering the crucial importance of the AfCFTA and its nature as a continent-wide project, in January 2024 the ECA, working jointly with the AfCFTA Secretariat and UNDP, brought together the principal actors

in the area of AfCFTA implementation at national, regional and continental levels to exchange experiences and share best practices. Labelled as the “Conference on AfCFTA Implementation Strategies: Towards an AfCFTA Implementation Peer Learning Community”, the meeting took place from 15 to 17 January 2024 at the TradeMark Hotel in Nairobi, Kenya.

The Conference was a success by all measures. As the first of what is expected to be a regular event, it has laid the foundation for an annual exercise that aims to foster the development of a community of learning for AfCFTA practitioners as they pursue the goal of Africa’s transformation and prosperity through rules-based continental economic cooperation and integration.



LEAD STORY:

Towards an AfCFTA Peer-Learning Community – Starting the New Year with a New Focus on Implementation

By Melaku Desta, Coordinator of the African Trade Policy Centre (ATPC)

Organized jointly by the United Nations Economic Commission for Africa (ECA), the AfCFTA Secretariat, and the United Nations Development Programme (UNDP), the conference brought together national and regional focal persons on the AfCFTA and the implementation strategies, experts, and representatives of development partners.

It is remarkable that, by the date of the conference, 39 African countries had developed and launched their own national AfCFTA implementation strategies, 35 of them with ECA support. Against this background, the objective of the conference was to provide AfCFTA State Parties with a platform for peer learning on the implementation of adopted national AfCFTA implementation strategies. In pursuit of this objective, the conference was organized in a manner that allowed a balance between a top-down comparative overview of all strategies with the help of a synthesis report, on one hand, and a bottom-up and country-by-country sharing of experiences through individual presentations, on the other. And the outcome was highly encouraging – conference participants used the platform to share with one another insights on lessons learned, practical challenges encountered, mitigation strategies employed, and



interventions carried out to enhance effective and inclusive AfCFTA implementation at both national and regional levels.

Among the key lessons learnt include the importance of aligning AfCFTA strategies with pertinent national policy priorities, the increasing significance of digitalization and the consequent need to focus on the digital economy, the crucial role of academia to bridge the data gaps that afflict the Continent, the need to inform the academic curriculum in our universities with the AfCFTA and related subjects, and the imperative for a single-minded focus on AfCFTA implementation at all levels.

Firstly, in addition to the experiences exchanged and the lessons learnt, the need for a regular platform of this nature was clearly apparent. In that spirit, the participants

welcomed the AfCFTA Secretariat's announcement of the decision to establish an AfCFTA Committee of Focal Persons of National Implementation Committees (NICs) and its institutionalization as part of its annual statutory meetings.

Secondly, considering that virtually all of the existing AfCFTA implementation strategies covered only the AfCFTA Agreement and its Phase I protocols (of trade in goods, services, and dispute settlement), there was unanimity about the need to update these strategies so as to reflect the latest developments at the norm-setting level, and particularly the adoption of the five Phase II protocols (of competition policy, investment, intellectual property rights, digital trade, and women and youth in trade).

Thirdly, the participants urged the organizers of the workshop to redouble efforts to enhance public awareness about the AfCFTA, its opportunities and the need for deliberate,

concerted, and sustained actions at all levels in order to translate the ideals and promises of the AfCFTA into reality.

Finally, the conference reaffirmed, yet again, the critical role of the African private sector for the AfCFTA to succeed. By adopting and swiftly ratifying the AfCFTA Agreement, African Governments have taken the single most important first step to replace their small and fragmented markets with a large continental single market of over 1.4 billion people. Now, the African private sector needs to engage and seize the opportunities and translate them to actual cross-border transactions. As those transactions go up, so will jobs and the welfare of ordinary Africans.

Let me conclude by thanking our partners in this project, the AfCFTA Secretariat; the UNDP and the Global Affairs Canada (GAC) whose collegiality and hard work was instrumental in making this important event a success.



THEMATIC UPDATES

AfCFTA secretariat's perspective

The inaugural conference on the African Continental Free Trade Area (AfCFTA) National Implementation Strategies was a remarkable success. For three days, the key stakeholders from State Parties, Regional Economic Communities (RECs) and development partners had rich, diverse, and deeply insightful, and revealing discussions on strategies to translate the promises of the AfCFTA into action. From the AfCFTA Secretariat's perspective, the high level of enthusiasm and participation was a testament to the collective commitment and shared vision that unites us in our pursuit of a prosperous and integrated Africa.

We recognize that effective implementation of the AfCFTA is a process that requires the involvement of all relevant stakeholders at national, regional, and continental levels. In pursuit of this objective, the Heads of State and Government of the African Union (AU), at their 31st Ordinary Session held in July 2018, in Nouakchott, Mauritania, committed *"to establish National Committees on AfCFTA to ensure meaningful participation of all stakeholders and come up with national AfCFTA and Boosting Intra-African trade strategies"*.

This decision constitutes the legal basis for the work that has been undertaken thus far by State Parties and the RECs in establishing National implementation Committees (NICs) and developing National Implementation Strategies, which has been supported particularly by the United Nations Economic



Commission for Africa (ECA). This conference was designed to provide a peer learning platform for State Parties and RECs with national and regional strategies.

The Secretariat believes that national AfCFTA implementation strategies and national implementation committees are two essential ingredients for the realization of the promise of the AfCFTA.

It is encouraging to see that, 35 countries have developed their national AfCFTA implementation strategies while a number of RECs, including ECOWAS, EAC, ECCAS and IGAD have developed or are developing regional implementation strategies. Likewise, 16 State Parties have established NICs for AfCFTA purpose, 6 are using preexisting structures established in the context of regional or multilateral trade agreements, while 3 are in the process of establishing their committees. The Secretariat is providing

technical assistance and capacity building support in the formation and operation of the NICs.

The peer learning conference provided an excellent opportunity for State Parties to engage with one another, exchange experiences, network, and learn valuable lessons from each other's successes while also identifying areas for improvement. This platform marked the beginning of a new chapter in the AfCFTA journey as we move from negotiations to actual implementation. The task ahead is significant, and success will depend on State Parties' ability to translate words into actions, strategies into tangible outcomes.

The indispensable role of NICs in AfCFTA implementation was reaffirmed by the 12th

Meeting of the AfCFTA Council of Ministers held in Dar es Salaam in December 2023, which decided to establish an AfCFTA Committee of NIC Focal Persons. The objective of this committee is to serve as a standing continental platform for monitoring implementation and exchange of experiences and best practices on AfCFTA implementation. The Secretariat is currently developing the terms of reference and work plan for the Committee of Focal Persons.

Going forward, the peer learning and experience sharing conference that was launched in January this year will henceforth take place under the auspices of the AfCFTA Committee of NIC Focal Persons, which brings together representatives of National Implementation Committees.



African Union Commission's perspective

The partnership between the African Union Commission (AUC) and the United Nations Economic Commission for Africa (ECA) has been strong for a long time, dating back to the days of the Organization of African Unity. To further strengthen this partnership, initiatives such as college-to-college meetings play a critical role. Additionally, the recent accession of the AU as a permanent member to G20 necessitates an even closer working relationship between the two continental bodies. This will ensure that they can shape a common African position on major global economic issues of our time.

Upon the launch of the African Continental Free Trade Area (AfCFTA), the AUC was tasked to notify the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO) about the establishment of AfCFTA. This notification was necessary to inform the WTO and WIPO that AfCFTA is a regional trade agreement and a separate trademark representing the AU's efforts to stitch its member states into closer economic union. Additionally, recognizing the significance of the free movement of people, the AU Assembly adopted the Protocol on the Free Movement of People, Right of Residence, and Rights of Establishment.

The AUC recognizes the importance of working together with other institutions that share our goal of achieving inclusive growth and sustainable development. To this end, we are collaborating with partners across the continent on initiatives such as establishing a mechanism for monitoring debt and supporting timely debt restructuring within



the G20. These efforts require the collective contributions of all stakeholders.

In addition to the AfCFTA, which is a significant milestone towards deeper continental integration, there is a plan to create African Financial Institutions and an African Financial Stability Mechanism. The significance of these financial institutions to the AfCFTA lies in their capability to provide platforms for policy harmonization, economic stability, domestic resource mobilization, and risk mitigation, among other benefits.

The African Trade Observatory is a game changer that will bring transparency and information sharing to the trading industry. By using a trade intelligence tool, it is easier to identify profitable trading prospects, leading to better strategic decision-making. The importance of the African Trade Observatory lies in the fact that trust and reliability are lacking in intra-African trade.

Moreover, the AU is planning to roll out the Made in Africa standard this year, which should go hand in hand with trade policy. In addition to promoting quality, the standard will remove technical barriers to trade in the AfCFTA marketplace. A value chain diagnostic study has identified vital sectors for investment within the AfCFTA, including pharmaceuticals, food, apparel, textiles, and automobile industries. Critical minerals play a significant role in driving the transition towards a more sustainable economy, which the AU has developed in its Commodities

Strategy through consultations with relevant stakeholders, including the private sector.

To create a united and prosperous Africa, it is crucial for national-level implementation of AU-level policy initiatives. We are thrilled to see the emergence of the AfCFTA implementation Peer Learning Community, which includes all relevant actors from the AfCFTA State Parties. Such initiatives will enrich our knowledge and help us implement the AfCFTA agreement and its protocols more effectively.



UNDP's perspective

Africa aims for its socio-economic transformation with an increasing proportion of economic output and employment generated by sectors other than low value-added agriculture. UNDP strongly embraces the hope that the AfCFTA, if effectively implemented, could be a major catalyst for this structural transformation – towards realising the ambitions of the African Union Agenda 2063 and the Sustainable Development Goals.

The AfCFTA is also about increasing mutual interdependence among African countries through market integration that foster peace and development by generating revenue/employment. For instance, in the current “conflict hotspots” value retention and increased/new opportunities for entrepreneurship means disincentivizing youth’s enrolment in armed/terrorist groups.

A clear consensus from the Conference is that **the AfCFTA goes beyond a trade agreement, but its transformative potential will not be automatic**. Deliberate interventions through the AfCFTA national implementation strategies and other complementary actions under integrated institutional frameworks, remain critical to ensure the one African market benefit all. While in many instances, the Ministry in charge of Trade is the custodian of the Agreement, implementation will not be successful without proper coordination mechanism that brings together all relevant stakeholders – from government entities, the private sector, the civil society organizations, and development partners. As highlighted through the Conference, the role of strong



national AfCFTA committees in ensuring an integrated approach to the AfCFTA implementation, from designing actions to their implementation and monitoring is of high importance. Further, regional coordination is crucial, to build on the progress already achieved through regional economic communities and groups. For example, common external tariffs and mutual recognition of certification are examples of policy instruments emanating at regional level that are beneficial for the AfCFTA. Accordingly, **there is need for a holistic, integrated and coordinated approach to the operationalisation of the AfCFTA at national and regional levels**.

Beyond implementation actions, the AfCFTA should advance Africa’s development. Through more integrated markets, the African continent has boldly stated its people – focused and people – driven development trajectory. In this context, appropriate support towards small businesses, particularly those owned by women and youth, can

significantly contribute to catalysing production and boosting intra-African trade. These will result in incommensurable benefits for local communities in terms of employment and revenue generation. **AfCFTA shall therefore take a people – centred lens and its success needs to be measured not only in trade terms, but in development implications.** Already through the AfCFTA Guided Trade Initiative, we are seeing MSMEs producing and exporting value – added products within the continent. These are the kind of outcomes related to productive capacity and growth of MSMEs that should also be integrated into the monitoring framework of national and regional implementation strategies.

The AfCFTA is being realised in this context of competing policy priorities. **It is important to**

demonstrate publicly and incontrovertibly, the importance and success of integrated markets in addressing Africa’s current socio-economic challenges. Also, it is crucial to build robust bridges for cross – country policy and regulatory cooperation that withstands present and future turmoils.

UNDP, as Africa’s development partner is committed to enabling trade – led transformation of African economies, towards the realising the ambitions of the African Union Agenda 2063 and the Sustainable Development Goals. Through its Regional AfCFTA Portfolio and network of Country Office, UNDP remains committed to support implementation of the AfCFTA, and the concrete actions that emerged from this Conference.



REGIONAL HIGHLIGHTS:

Post Conference Reflections From a Co-Organizers Perspective

Brendah Mundia, Regional Advisor, RITD

The African Continental Free Trade Area (AfCFTA) has taken a monumental leap forward with the commencement of preferential trade and the regulatory environment being tested under the Guided Trade Initiative (GTI) that was launched in October 2022. While the AfCFTA's promise is well recognized, achieving full and inclusive implementation requires collaborative efforts. This is precisely why the inaugural Conference on AfCFTA Implementation Strategies, held from January 15-17, 2024, in Nairobi, Kenya, was a crucial milestone. The Conference involved many months of planning and rounds of scheduling and rescheduling. The process involved the development of a synthesis report, one of the Conference's key background papers which provided a comprehensive review of 35 of the adopted national AfCFTA implementation strategies at the time. This report offered valuable insights into the diverse array of approaches adopted by countries to leverage the AfCFTA to spur national development.

The objectives of this inaugural Conference were ambitious – and rightly so: to establish a platform for peer learning on the implementation of adopted national AfCFTA implementation strategies and to share experiences, lessons learned, and mitigation measures applied that could be replicated elsewhere for more effective and inclusive AfCFTA implementation.



The conference aimed to identify key strategic areas around which governments, the private sector, and development partners could collaborate to achieve impact.

While the ECA spearheaded the coordination of the event, the transformation of the initial concept note into a dynamic conference agenda benefited from the collaborative efforts of the other co-organizers: the AfCFTA Secretariat and UNDP. Their combined input proved instrumental in ensuring a balanced agenda and a diverse representation of speakers from AfCFTA State Parties, private sector, civil society, and development partners supporting AfCFTA implementation.

Throughout the three-day conference, spanning 12 sessions, it was evident that there was a shared sense of optimism on

the predicted economic benefits of the AfCFTA. There was consensus on the need for continuing efforts to raise awareness, build knowledge, undertake regulatory and institutional reforms, and support youth- and women-led SMEs to actively engage in the AfCFTA.

In trying to facilitate knowledge exchange between countries at different stages of strategy development, the involvement of AfCFTA focal points proved effective as their unique insights enriched the breakout sessions. However, the lack of facilities for online participants during breakout sessions underscored the need for greater inclusivity in future events. This serves as a reminder of the importance of ensuring all participants are able to fully engage in and contribute to the discussions.

The participants' endorsement of the announcement by the AfCFTA Secretariat to convene an annual meeting of the AfCFTA Committee of NIC Focal Points was one of the highlights of this event. The administrative and logistics team played a crucial role in ensuring that participation of representatives from 35 member states, Regional Economic Communities (RECs), and development partners, thereby contributing to the event's success and visibility.

Reflecting on the conference with a sense of satisfaction and optimism, we are reminded of the importance of ongoing collaboration to fulfill AfCFTA's potential. The next conference will build upon these successes and lessons learned, charting a course for a prosperous and integrated African market.

