

**Economic Commission for Africa
Subregional Office for Eastern Africa**

Intergovernmental Committee of Senior Officials and Experts
Twenty-fourth session (online)
24 and 25 November 2020

The economic and social impacts of the COVID-19 crisis on East Africa: strategies for building back better

Report



I. Introduction

1. The twenty-fourth session of the Intergovernmental Committee of Senior Officials and Experts, of the Economic Commission for Africa (ECA) Subregional Office for Eastern Africa, took place virtually 24–25 November 2020, under the theme “The economic and social impacts of the COVID-19 crisis on East Africa: strategies for building back better”. The virtual arrangement was necessitated by the COVID-19 pandemic, which placed restrictions on travel.

2. As a statutory organ of ECA in East Africa, the Committee brought together several participants, including representatives from the 12 member States, as well as from the regional economic communities and intergovernmental organizations served by the ECA Subregional Office for Eastern Africa. Development partners, the private sector, civil society organizations, research centres and other stakeholders also participated in the Committee, which is a forum for senior officials and experts from East Africa and beyond. Over the years, the Committee has evolved into a platform for convening, sharing lessons and reflecting on performance of the regional economy, in addition to topical issues.

3. With COVID-19 having invariably affected all countries, the plenary discussions focused on East Africa’s socioeconomic performance. Interventions from member States and the private sector on lessons learned in dealing with COVID-19, as well as strategies for building back economies, enriched the discussions.

4. With the Agreement Establishing the African Continental Free Trade Area now being ratified by 7 of the 14 member countries of East Africa, the twenty-fourth session of the Committee discussed a number of topics under the chapeau of “opportunities and profitability of AfCFTA”, during which the Committee learned of the readiness to implement the African Continental Free Trade Area (AfCFTA) by member States, the private sector, the African Union Commission and other actors in the region.

5. The session was also informed of the work of the Subregional Office for Eastern Africa throughout 2020 and plans for 2021. It also benefitted from the presentations on the integrated planning tool, the Africa Regional Forum on Sustainable Development and the African Medical Supplies Platform.

Attendance

6. Delegations from the following countries attended the twenty-fourth session of the Intergovernmental Committee of Senior Officials and Experts: Burundi, the Comoros, the Democratic Republic of the Congo, Djibouti, Eritrea, Kenya, Madagascar, Rwanda, Seychelles, Somalia, Uganda and the United Republic of Tanzania.

7. The following national, subregional, regional and international institutions and organizations were also represented: African Union Commission; Common Market for Eastern and Southern Africa; Communauté Economique des Pays des Grands Lacs; East African Community (EAC); Indian Ocean Commission (IOC); Central Corridor, Transit Transport Facilitation Agency; Northern Corridor, Nile Basin Initiative; African Development Bank; East African Business Council; Eastern African Sub-Regional Support Initiative for the Advancement of Women; Trade Law Centre; United Nations Conference on Trade and Development (UNCTAD); national and international media; consultants; interpreters; and ECA staff.

II. Proceedings

1. Opening session

(a) Welcoming remarks by the Minister of Foreign Affairs of Eritrea, Osman Saleh

8. Osman Saleh delivered opening remarks in his capacity as Chair of the Bureau of the twenty-third session of the Intergovernmental Committee of Senior Officials and Experts. He thanked participants for finding time to participate, and ECA for convening the meeting, which allowed for deliberation on policy issues to address the socioeconomic challenges and shape the landscape for the development of East Africa. He further thanked members of the Bureau of the twenty-third session of the Committee for their willingness to serve to shape policy in various capacities since their appointment in Asmara in 2019. The outgoing Chair appreciated the continuous engagement by ECA to implement the commitments of the twenty-third session of the Committee. In addition to acknowledging the low COVID-19-related death cases in the region, resulting from aggressive measures to fight COVID-19, he highlighted regional challenges that have threatened people's well-being, including the COVID-19 pandemic; flooding, which had destroyed infrastructure; and the locust invasion, which had threatened food security and income.

9. He acknowledged the unity in diversity that prevailed in the region, and highlighted the imperative to harness the regional integration potential to eradicate COVID-19, to stimulate economic recovery, and to promote the development of the economies of the region, which is paramount for job creation and for prosperity for all. He also commended member States for instituting measures to curb the spread of infection and the stimulus packages mobilized for social protection and macroeconomic recovery. He highlighted the need to outline a regional conceptual framework for future emergency preparedness.

(b) Welcoming remarks by the Director of the ECA Subregional Office for Eastern Africa, Mama Keita

10. The Director of the Subregional Office for Eastern Africa, Mama Keita, delivered opening remarks on behalf of the Executive Secretary of the Economic Commission for Africa, Vera Songwe. She welcomed participants and noted the exceptional conditions under which the twenty-fourth session of the Intergovernmental Committee of Senior Officials and Experts was taking place. She recalled the optimistic tone that characterized the Asmara session, largely driven by pre-COVID-19 collective regional growth of 6.6 per cent. Substantial progress was being made in consolidating peace, and the potential for deeper cooperation across East Africa was palpable, especially as embodied in AfCFTA. Ms. Keita noted the vulnerability of East Africa, due to dependence of some of its economies on tourism and international visitors. Services had also been hard hit, resulting in negative consequences on employment. She shared the figure of 38 million full-time jobs lost in 2020 in East Africa. The Director of the Subregional Office noted with sadness the serious conflict in the Horn of Africa, with a gloomy view of the future.

11. Despite the seemingly bleak future, Ms. Keita noted that – given the right policy interventions, and peace and security in the Horn – East Africa could bounce back strongly from the crisis, owing largely due to the region's good foundations for revived growth. She shared that the contraction of economies would be much smaller. Regional trade had started to revive and East Africa was well poised to take advantage of AfCFTA. She urged the private

sector to respond to AfCFTA-related opportunities, particularly in future growth sectors such as the digital economy and finance. She said that East Africa must prioritize peace and security in the Horn of Africa, rebuild fiscal stability and rapidly move the regional agenda forward.

2. Constitution of the Bureau, and review and adoption of the Agenda

12. It was proposed that the Bureau of the twenty-third session of the Intergovernmental Committee of Senior Officials and Experts continue to serve one more year. It is constituted as follows: Eritrea (Chair), Seychelles (First Vice-Chair), Ethiopia (Second Vice-Chair) and the United Republic of Tanzania (Rapporteur). Seychelles expressed preference to become Second Vice-Chair, with the absence of Ethiopia in the meeting. The issue was left to the Bureau to resolve.

3. Plenary on macroeconomic and social developments in East Africa

13. The overview of Macroeconomic and Social Developments in East Africa in 2020 was presented by the Director of the Subregional Office for Eastern Africa, Mama Keita. The report sought to benchmark performance, highlight achievements and challenge identify policy options. The presentation noted that the global economy was slowly recovering from the sharp decline it had experienced during the COVID-19 lockdown in the second quarter of 2020, and that East Africa was among the fastest-growing regions in Africa and the world. However, the region would barely grow due to the COVID-19 pandemic, with only four countries in the region experiencing positive growth in 2020. It was also noted that the crisis had been inflationary in some countries.

14. The Director noted that the COVID-19 pandemic had amplified debt vulnerabilities in the region. Before the crisis, there were four countries with debt-to-gross domestic product ratios exceeding 50 per cent in 2019. However, the pandemic has increased the proportion of countries in the region with debt-to-gross domestic product ratios exceeding 50 per cent. Access to concessional financing and debt service relief would assist countries to lower borrowing costs and redirect finances away from debt servicing and towards the health and economic crisis. While merchandise trade had recovered, services trade remained severely depressed in the region.

15. The presentation highlighted the lower incidence of COVID-19 cases in East Africa compared with the rest of Africa; however, this crisis had exposed critical gaps in the regional health system. Most East African economies spent less than \$50 per capita on health, less than half of the African average. The impact of COVID-19 on education led to school closures that affected 96 million learners. While the subregion's social security spending had been relatively low, many Governments responded with short-term social protection. In addition to the health crisis, several economies in the region also faced weather-related shocks and severe locust swarms, particularly in South Sudan, Somalia, Ethiopia, Kenya and Uganda, which saw the biggest desert locust invasion in 70 years. The region was also affected by seasonal flooding. Estimates suggested that 6 million people had been affected, of which 1.5 million had to abandon their homes. In conclusion, the Director urged Governments in the region to: maintain the right balance between health, economic and social policy interventions; provide incentives for digitalization; and improve fiscal transparency, to address debt concerns and provide additional fiscal interventions to counteract job losses.

16. Reflections were made by the regional economic communities, member States and partner institutions during the high-level panel discussion session. Panellists shared viewpoints on COVID-19 impact, lessons learned, recovery strategies and building back better.

17. The Secretary-General of the East African Community (EAC), Libérat Mfumukeko, noted the May 2020 EAC Heads of State meeting, which gave policy direction on how to coordinate the regional response to the COVID-19 pandemic. Lessons from this response included: the importance of a multisectoral approach, with a strong coordination mechanism for the success of regional response; the need for clear communication channels for timely action during an outbreak situation; and the need to include partner States and key stakeholders in negotiating regional interventions and consensus-building to ensure ownership, buy-in and high likelihood of implementation of the recommendations. Mr. Mfumukeko shared that having regional guidance instruments helped to reduce confusion, was key in directing resources with limited duplication, and offered a better chance for delivering on the agreed targets.

18. The Secretary-General of the Indian Ocean Commission (IOC), Vêlayoudom Marimoutou, noted that the Epidemic Surveillance and Alert Management Network (SEGA-One Health) of IOC coordinated the emergency plan against COVID-19. This plan had several components, including, among others: border surveillance; general public awareness; and prevention and response, including case management. He also noted the importance of strengthening regional connectivity, particularly for IOC States, in addition to reinforcing regional integration in East Africa. The Secretary-General highlighted the need to strengthen public health systems, invest in digital connectivity, improve food production systems and strengthen regional supply chains.

19. In her presentation, Nnenna Nwabufo, Acting Director General, African Development Bank (AfDB) Group, made a presentation on how AfDB supported Africa during the COVID-19 crisis. She noted that AfDB adapted the banking programme to provide quick and flexible support to member States. The bank approved \$27 million to boost efforts of the African Union to mobilize a continental response to curb the COVID-19 pandemic. Additionally, AfDB approved \$2 million in emergency assistance for the World Health Organization (WHO) to reinforce its capacity to help African countries contain the COVID-19 pandemic and mitigate its impacts. She also noted lessons learned from COVID-19, including: the importance of enhanced regional collaboration; the imperative to support small and medium-sized enterprises; the need to support physical infrastructure and trade facilitation; as well as the importance of digitalization for the health, education and services sectors. She also noted that AfCFTA provided growth opportunities for the region.

20. The Deputy Director in the Ministry of Industrialization, Trade and Enterprise Development of Kenya, Patricia Aruwa, shared measures the country implemented to tackle the crisis, including:

- (a) Situating the national health response at the cabinet level, with weekly reports to the President;
- (b) Instituting working groups at the sector level;
- (c) Developing the essential services policy (fresh produce remained available and markets remained open);

(d) Prioritizing pharmaceutical and medical supplies and undertaking to preserve jobs in the pharmaceutical and textile sectors in case supply is disrupted;

(e) Challenging manufacturers in textiles to reorient to manufacturing personal protective equipment;

(f) Transforming the M-Pesa platform to encourage use of digital alternatives to cash.

21. The Permanent Secretary, Ministry of Finance, Budget and Economic Planning of Burundi, Marie Salome Ndabahariye, shared national interventions, including the \$50 million budgeted to fight COVID-19, the three-month national campaign for massive screening, which highlighted minimal COVID-19 cases. A fund was set up for partners who wanted to support the Government. Lessons learned in tackling COVID-19 in Burundi highlighted the importance of:

(a) Political commitment;

(b) Management of public finances;

(c) Campaigns against malnutrition and food insecurity;

(d) Collaboration with technical and financial partners;

(e) Working with neighbouring countries;

(f) Exploring other sources of revenue;

(g) Instituting strategies to reduce spread and restart the economy;

(h) Investing in the public and private sectors: agriculture, infrastructure and human capital.

22. The Director in the Ministry of Finance of Djibouti, Mariam Hamadou, informed the meeting that Djibouti had acted swiftly to institute measures, including locking down, mobilizing medical resources and mass testing. She noted that, while the direct health impact of COVID-19 had been low, given modest case numbers, it had affected other issues, such as tuberculosis and maternal mortality. More funds had been released for the health sector.

23. Herbert Robinson, of the African Capacity Building Foundation (ACBF), noted that most countries in East Africa had become highly dependent on the services sector, which was impacted by the crisis. He shared the approach of ACBF to capacity-building on COVID-19, highlighting, among others, saving lives, getting economies and livelihoods back quickly, and safeguarding prosperity for longer-term and effective use of digital technology to ensure that resilience was built for future pandemics. Specifically and using examples, he shared the ACBF COVID-19 strategy to build back better, which included:

(a) Capacity for coordination of pandemic preparedness and response;

(b) Community-led resilience and response to COVID-19;

- (c) Debt and macroeconomic management;
- (d) Post-COVID-19 socioeconomic recovery and resilience;
- (e) Knowledge generation and sharing to strengthen COVID-19 response capacity.

24. In summarizing the proceedings, the Chair of the Bureau of the Intergovernmental Committee of Senior Officials and Experts, represented by Ambassador Geratu Tesfamicael of Eritrea, highlighted the importance of being pragmatic in containing the pandemic, while maintaining economic and social security. He also emphasized the need for discipline and responsible participation of the people, as well as effective public health systems from local to national levels.

25. The panel discussion with the private sector heard from Caesar Riko, representative of the South Sudan private sector. He noted that the global crisis of the pandemic in South Sudan coincided with local crises. The private sector faced challenges to operate effectively and had suffered losses, especially in the oil sector, given the diminished global demand leading to a drastic fall in prices. As a consequence, the Government had embarked on the diversification of the economy as a strategy to combat external shocks such as COVID-19, and to cushion the private sector. Reducing dependency on oil would help the country better deal with the COVID-19 downturn. This would entail broadening the country's export base. He highlighted some sectors to be promoted, including agriculture, mining, tourism, banking, capital markets and services, among others. For services, logistics were key, yet had been substantially affected by the current COVID-19 pandemic.

26. Mr. Riko noted that plans to mobilize resources, ramp up infrastructure, and create favourable regulations and business climate, still had a long way to go. The following recommendations were provided:

- (a) As increased digitization during the pandemic across the public and private sectors had been constrained by high costs and lack of human capacity, information and communications technology-related products could be manufactured to reduce costs, and existing human capacity could also be shared;

- (b) Rehabilitate sectors that incurred high loss due to COVID-19, by offering some financial support;

- (c) Formulate a comprehensive COVID-19 recovery plan and establish a special fund to facilitate faster recovery of economies in the region and build back better.

27. ECA made presentations related to the Sustainable Development Goals. This session was meant to share information and to keep member States aware of related developments.

28. The representative of ECA, Nassim Oulmane, made a presentation titled "Towards accelerated implementation of the 2030 Agenda and Agenda 2063". The highlights of his presentation included the fact that financing the Sustainable Development Goals remained a major challenge, with African countries struggling to fill the annual financing gap of \$92.8 billion to implement the 2030 Agenda for Sustainable Development and respond to the COVID-19 crisis. Countries needed to conduct evidence-based voluntary national reviews and voluntary local reviews, and follow up on these reviews to contribute to better localization of

the Sustainable Development Goals and Agenda 2063: The Africa We Want, of the African Union. There was a need for enhanced stakeholder engagement and stronger partnerships and resource mobilization. Mr. Oulmane encouraged countries to offer themselves for voluntary national reviews to plan for such reviews in 2022. In conclusion, he informed the session of the planned seventh session of the Africa Regional Forum on Sustainable Development and its objectives to consider and articulate actions to recover from COVID-19; to accelerate implementation of the Sustainable Development Goals, in line with the decade of action; and to facilitate learning, sharing approaches, tools and experiences, while leaving no one behind.

29. The representative of ECA, Tadele Ferede, made a presentation on the Integrated Planning and Reporting Tool (IPRT), and noted the tool's functionalities, such as the capability to simultaneously integrate and implement multiple development agendas into national development plans, support coherence, track progress, prioritize interventions and generate reports in a harmonized way. The IPRT is a tool that can assist in mainstreaming the Sustainable Development Goals, Agenda 2063 and the Paris Agreement, among others, into national development plans. Specifically, he said that the IPRT facilitated alignment of the 2030 Agenda and Agenda 2063 at the level of goals, targets and indicators. This integrated reporting was beneficial in reducing transaction costs of monitoring and reporting on regional and global agendas. It helped to identify capacity gaps that could be the basis for designing evidence-based capacity-building programmes. Overall, as a one-stop shop and web-based software, the IPRT served as a framework to make the next generation of development plans resilient and inclusive. The IPRT of ECA was designed to support African countries to improve the quality of their development plans. Upon request, technical support could be provided on the use and application of the toolkit.

4. Presentations on opportunities and profitability of the African Continental Free Trade Area

30. The presentation by Ms. Keita, Director of the Subregional Office for Eastern Africa, which was derived from the Subregional Office publication *Creating a unified regional market in Eastern Africa*, emphasized the importance of and assessed the impact of AfCFTA in East Africa. While East Africa had been the fastest growing region in Africa, it was now faced with the challenges of demographic pressures, lack of job opportunities, weak trade performance and slow-paced structural change. Estimated benefits to accrue from AfCFTA to East Africa included welfare gains of \$1.8 billion, new intraregional exports of \$1 billion, and the creation of 2 million new jobs. The presentation noted that the eventual benefits would be larger due to reduced non-tariff barriers, trade facilitation and increased services trade. In addition, women and youth, as well as small companies, needed to benefit from AfCFTA, with the support of Governments and institutions. Key considerations from the report pointed to the following:

- (a) East Africa needed deeper integration;
- (b) AfCFTA was a catalyst for change;
- (c) AfCFTA needed to be inclusive.

31. The session further appreciated the findings of the trade services report, presented by Andrew Mold of ECA. He highlighted that the AfCFTA protocol in trade in services aimed to create an "open, rules-based, transparent, inclusive and integrated single services market". In phase 1, five priority sectors had been identified (business services, communications, finance,

transport and tourism), with the rationale that those service sectors, if regionally liberalized, would have the most impact on merchandise trade. He stressed that services negotiations were inherently more complex than goods negotiations. At the continental level, Egypt had a fairly protective regulatory framework for its services sector, while South Africa was less protective but still higher than many countries in the Eastern Africa subregion. Within the subregion, there was considerable variation – the Democratic Republic of the Congo and Ethiopia had restrictive regulatory environments in services, whereas Rwanda, Burundi and Madagascar were more open. He noted the importance of some kind of regulation in the banking, air travel, information and communications technology and energy sectors to protect consumers.

32. Mr. Mold said that the arguments for greater service sector liberalization were similar to those for liberalization of trade in goods. He shared wide-ranging estimates from previous studies of global service trade liberalization, from gains of between \$50 billion to over \$1 trillion. Using the gravity model to estimate the impact of the EAC protocols on services – the Subregional Office for Eastern Africa estimated that its formation led to a 65 per cent increase in intraregional services trade (an increase similar to that achieved by the European Union with its Single Market Programme). Concerning the reasons for promoting greater services trade liberalization in East Africa, Mr. Mold noted the positive results from the revealed comparative advantage analysis. East Africa was the only subregion with a consistently strong revealed comparative advantage in services across the continent. Furthermore, the level of profitability in services in the region was extremely high, with many subsectors posting rates of profitability of more than 10 per cent return per annum. The presenter cautioned that the issues were not straightforward with every subsector. He stressed to policymakers the need to conduct more research to inform the decisions.

33. Joseph Mthethwa from ECA gave a presentation on the Africa Medical Supplies Platform. He shared that the Platform was created to ensure the availability of critical medical supplies on a centralized platform. He said that it unlocked immediate access to an African and global base of vetted manufacturers and procurement strategic partners. It enabled African Union member States to purchase certified medical equipment such as diagnostic kits, personal protective equipment and clinical management devices with increased cost-effectiveness, reliability and transparency. Furthermore, the Platform ensured access to quality and certified supplies through the vetting of manufacturers with international and African certification, thus avoiding substandard products finding their way onto the Platform. It served as a unique interface enabling volume aggregation, quota management, payment facilitation, as well as logistics and transportation, to ensure equitable and efficient access to critical supplies for African Governments. It was also building partnerships and exploring all markets through the Africa Centres for Disease Control and Prevention.

34. Approximately 10 million diagnostic test kits had been secured through WHO on a quota basis. The initiative enlisted the assistance of stringent global institutions – such as the United States of America Food and Drug Administration, the United Kingdom of Great Britain and Northern Ireland National Health Service, Canada Health, African Medicine Agency and WHO – to help with quality assurance. African suppliers were urged to join the Platform, which was created to close the supply gap and effectively respond to the COVID-19 pandemic.

35. Komi Tsowou of UNCTAD gave a presentation on “AfCFTA and implications for businesses in Eastern Africa”. His presentation noted that, while most African countries depended on commodity exports, intraregional trade composed a much higher proportion of manufactured goods, revealing the desirability under AfCFTA of greater intraregional trade to

support industrialization. By removing or reducing tariff and non-tariff barriers, AfCFTA would consolidate Africa into a market of more than \$2.3 trillion and 1.3 billion people, implying improved economies of scales and increased competitiveness. Africa also relied heavily on imports from the rest of the world, compared with intra-African imports. Those encompassed agrifood products such as rice and milk, as well as chemicals, among others. However, there was potential for African countries to focus on the value chains of some of the key products such as fuel, fertilizers, dairy products, cement and metals.

36. Mr. Tsowou shared a number of potential benefits, including in the automotive sector, where the African car market was expected to grow significantly, from 45 million cars in 2018 to more than 135 million cars by 2040. Furthermore, he noted that there was potential from base oil and lubricants for African countries such as South Sudan and Uganda (in the coming years) that could produce petrol chemical products in the region. More than 95 per cent of African medicinal and pharmaceutical products were imported from outside the continent (including from the European Union, India, the United States and the United Kingdom). Implementing AfCFTA could support continental efforts to reshape the pharmaceutical sector by increasing reliance on local/regional industries. Dairy products from East Africa were traded mainly in regional markets due to the existing preferential arrangements, and the continent continued to rely more on the European Union for dairy product imports. On this note, he mentioned that competitiveness would be an issue vis-à-vis the European Union and New Zealand markets. Tea also presented great intra-Africa trade potential, especially from East Africa towards North Africa. In conclusion, he cautioned that reaping AfCFTA benefits was not automatic, and that addressing non-tariff barriers, which continued to impede the intra-African market, should be a priority. Governments should set the enabling environment, while recognizing that the private sector was pivotal in AfCFTA implementation.

37. The session also benefited from a panel discussion on readiness for AfCFTA implementation. The panel was comprised of State Minister of External Trade, the Democratic Republic of the Congo, Jean Lucien Bussa Tongba; Chief Technical Advisor on AfCFTA (African Union Commission), Prudence Sebahizi; Geoffrey Kamanzi of the East Africa Business Council; and John Stuart of the Trade Law Centre.

38. Mr. Tongba shared the Democratic Republic of the Congo experience in preparing for AfCFTA. He noted that AfCFTA would assist in overcoming COVID-19 shocks. He stressed targeted investment in education and digital technology for rapid growth of the continent.

39. Mr. Sebahizi shared that COVID-19 had slowed national level preparedness for AfCFTA implementation. Due to challenges faced by African member States as they concentrated their efforts on saving people's lives rather than pursuing trade negotiations, the start of the trading date had been postponed to 1 January 2021. There had been related economic challenges, including the collapse of commodity markets, with the exception of gold; disruption of global supply chains for final and intermediate products, thereby creating shortages in the retail and production levels; and disruption of cross-border trade, as well as a reduction in international and intra-Africa trade due to lockdowns, movement restrictions and closure of borders and airports, among others. This would translate into negative growth rates and increased poverty.

40. Mr. Sebahizi noted the strategic role of AfCFTA facilitating rapid recovery, through development of regional and continental value chains competitively linked to global value chains. He noted that value addition would be the key lever of the African Commodity Strategy,

and that agroprocessing was a good starting point. When fully implemented, AfCFTA would transform Africa from a net food importer to a net food exporter. It would also significantly boost African trade, particularly intraregional trade in manufacturing. Citing a World Bank study, Mr. Sebahizi noted its findings of positive economic and distributional impacts of AfCFTA. It revealed that African women would greatly benefit, as they constituted the majority of those engaged in intra-African trade. AfCFTA would lift 30 million Africans out of extreme poverty and boost the incomes of nearly 68 million others who lived on less than \$5.50 a day. It was expected to provide a boost to regional output, with the total production of the continent almost \$212 billion higher than the baseline by 2035.

41. For the African Union, Mr. Sebahizi said that country readiness encompassed many factors, including signing and ratifying the Agreement Establishing the African Continental Free Trade Area, and thereafter harmonizing domestic rules and regulations. He shared the checklist for national level preparations. He informed the Committee about other initiatives to complement national efforts in implementing the Agreement, including the development and testing of the pilot phase of the Pan-African Payment and Settlement Platforms and the African Trade Observatory, among others. He reiterated the need for Governments to set up regulatory frameworks and mobilize the private sector, which would be a key player to the success of AfCFTA.

42. Geoffrey Kamanzi of the East African Business Council underscored the importance of political will for AfCFTA implementation. He noted the importance of increasing awareness of AfCFTA in the private sector. Concerning capacity gaps in the private sector, he noted that these should be addressed focusing on both financial and skills gaps. He also stressed the importance of an integrated participatory approach for all stakeholders.

43. John Stuart of the Trade Law Centre gave a presentation on the potential for digital trade in East Africa. He noted that the COVID-19 pandemic had led to a large increase in digital trade, and that much of that shift was expected to remain. Kenya, Uganda and Rwanda collectively ranked highest in sub-Saharan Africa for e-commerce readiness. Mr. Stuart highlighted that Kenya, known for the innovator of mobile money M-Pesa, ranked in the top three African destinations for start-up investment in 2017–2018. Fintech was the most important area of start-up activity in Africa, and cross-border payment facilitation required large platforms such as the Pan-African Payments and Settlement Platform. To expand intra-African digital trade, there was a need to invest in logistics capability. National postal services, which were often the weakest link, and courier and logistics service providers, needed to be available and engaged. Reliable road, rail and air infrastructure was also needed. Africa could be innovative in digital trade – the African e-commerce giant Jumia.com innovated around payments and delivery systems in order to roll out its e-commerce solution. Mr. Stuart noted that, due to fixed costs of compliance, small and micro businesses were often unable to utilize preferences under the EAC PTA. Yet “micro multinationals” were the success story of global platforms such as eBay and Alibaba. In conclusion, the presenter highlighted the rural–urban divide and the digital divide in Burundi and South Sudan, the two countries lagging in terms of broadband coverage.

44. The annual report of the work of the Subregional Office for Eastern Africa was presented by Rachael Nsubuga. She noted progress in regional integration and AfCFTA implementation, trade and value chain development, as well as the Blue Economy and regional tourism, which were supported through the Office’s three core functions of think tank, convening and operational support. The twenty-fourth session of the Intergovernmental

Committee of Senior Officials and Experts noted the action points from the twenty-third session of the Committee on AfCFTA, the Blue Economy and regional tourism, as well as accelerating partnerships for sustainable development.

45. The Subregional Office for Eastern Africa supported elaboration of AfCFTA strategies in Kenya, Burundi, the Comoros, the Democratic Republic of the Congo and Rwanda, as well as a regional strategy for EAC. Regional reports on AfCFTA potential were also produced. Partnerships on AfCFTA implementation included webinars with the African Union Commission, African Institute for Economic Development and Planning, the Food and Agricultural Organization of the United Nations and UNCTAD; policy briefs on regional trade in conjunction with Trademark East Africa and the Brookings Institution; the East African Trade and Business webinar with the Kenya National Chamber of Commerce and Industry; the African Medical Supplies Platform support with the Africa Centres for Disease Control and Prevention, Afrexim Bank and African Union Special Envoy office; the World Manufacturing Forum on the future of regional value chains with the World Bank, World Trade Organization, International Chamber of Commerce, Japan Business Federation, European Union Commission and AfCFTA; and consultations with the private sector, in conjunction with the Private Sector Federation Rwanda.

46. On the Blue Economy, the meeting noted ongoing work in the development of tools and approaches to measure the Blue Economy potential, among which are the Blue Economy Satellite Accounts Study – a South–South cooperation initiative with the Caribbean Development Bank; and the Blue Economy Valuation Toolkit, which is used to quantify the contribution of aquatic and marine resources to the region through socioeconomic assessments in pilot countries. Support to the Djibouti National Development Plan, where fisheries are a prioritized sector, and the Blue Economy Meetings and webinars, that were organized to support policy development process and increase awareness on Blue Economy concept in the region, were also noted.

47. On tourism, the session noted that the sector, which employed close to 7.2 million people in the region, had been worst hit by COVID-19. EAC estimated a drop of 40–60 per cent in tourism activities within the region and significant job losses across value chains. The Committee thus appreciated the publication of the tourism financing study, as well as the Ad Hoc Expert Group Meeting organized on 23 November 2020.

48. The session received a submission for the Subregional Office for Eastern Africa 2021 work programme, and noted that the Office would continue support towards a COVID-19 impact assessment.

49. The Subregional Office for Eastern Africa was to follow up on recommendations and actions from the Communique.
