

# **Africa Forum on “The AfCFTA ratification and implementation: A game changer for African Economies”**

Co-organized by ECA, the Rockefeller Foundation and the Federal Government of Nigeria, in collaboration with the African Union Commission

## *Concept Note*

### **1. Summary**

The African Continental Free Trade area is expected to generate a range of socio-economic development benefits through supporting trade creation, structural transformation, productive employment and poverty reduction. The realization of these benefits, however, will require quick ratification and effective implementation of the agreement, which was signed by African Heads of State in March this year. In this context, there is an urgent need to build on the current political momentum to support expeditious and timely ratification and implementation of the AfCFTA agreement. The Forum will support this through (a) advocating for AfCFTA ratification and implementation by bringing together policy makers, private sector, civil society and other stakeholders from African countries, and (b) identifying what is required from policymakers and the private sector in order to ensure that the AfCFTA contributes to Africa’s socio-economic development.

### **2. Rationale and context**

#### **2.1. Background**

The development opportunities and challenges facing Africa in today’s rapidly evolving global economic, social and political environment are well known. The UN Agenda 2030 and African Union Agenda 2063 are two development visions with inter-related pillars, that offer pathways for African countries to take advantage of the opportunities, as well as address the challenges, that they face. Moving forward, in order to deliver on these agendas, Africa will need to respond to issues of fragmentation of its economies, reduce its dependence on raw materials and create more jobs and generate revenues for its growing population.

Three years into the Agenda 2030 timeline, countries continue to put in place strategies that will enable their economies and societies to achieve the Agenda 2030’s Sustainable Development Goals (SDGs). In Africa, it is recognized and understood that given the integrated nature of the two Agendas, accomplishing one leads to the realization of the other. The African Continental Free Trade Area (AfCFTA), signed on 21 March 2018 by 44 African countries in Kigali, Rwanda, followed with the signing by another six countries in Nouakchott (Mauritania) in July 2018, is one of the leading strategies in the AU’s First Ten Years’ Implementation Plan of Agenda 2063. The signing of the Agreement Establishing the AfCFTA, which has already been followed by the deposition of six instruments of ratification with the African Union Commission, is a key milestone

in the effort to undertake major structural reforms behind Africa's borders to promote economic integration.

The signing of the AfCFTA has marked the conclusion of Phase I of the negotiations which focused on trade in goods and trade in services. Phase II (expected to start this year) will focus on intellectual property rights, competition policy, investment and possibly e-commerce. The Phase II issues will be at the heart of ensuring that households and businesses harness and maximize AfCFTA benefits. The regulatory frameworks foreseen by the AfCFTA will enable individuals, communities and businesses to benefit from innovations, including those driven by digitalization and data. The AfCFTA will provide the space for necessary scale required for the full exploitation of benefits from data and innovations around it.

The AfCFTA, while on the one hand being a continental strategy under Agenda 2063, is also counted as part of Africa's means of implementation of the Agenda 2030. The AfCFTA is expected to foster economic integration in Africa that can drive economic diversification and industrialisation through trade. The diversification process is expected to include agro-industrialisation and agro-processing. If effectively implemented, the AfCFTA will contribute not only to deeper integration among African countries but will also act as a pivot for cooperation between Africa and other regions worldwide. This is expected to result in the generation of greater value added activities to create jobs, improve livelihoods and thus, ensure prosperity for all Africans.

## **2.2. Problem statement**

Africa is composed of numerous fragmented markets, at local, national and regional levels. The situation is underpinned by several barriers to trade. At regional and continental levels, these barriers include tariffs, cumbersome border procedures and significant infrastructure bottlenecks. These have limited the ability of Africa's businesses to build competitive productive capacities for regional and international trade of value added products capable of generating jobs. Today, the contribution of the manufacturing sector to Africa's Gross Domestic Product is below 15 percent while intra-African trade is around 17 percent of the continent's total trade. Further integration is therefore required to achieve scale economies and boost African production and trade. Effective implementation of the AfCFTA offers an important tool for this.

There are many expected benefits from the AfCFTA which will impact all countries involved. These include wider and more affordable access to inputs and intermediate goods, and larger markets for products to facilitate economies of scale. Consumers will benefit from access to a more affordable and wide range of products. At the policy level, the AfCFTA will promote coherence in Africa's multiple and overlapping trade agreements. It will also facilitate trade in agricultural goods, derived from different segments of expected regional agricultural value chains (improving food security), as well as stimulate competitive practices and innovation in different sectors, including agro-industries and agro-processing. The AfCFTA will also enable make African economies more attractive to both domestic and foreign investors, particularly in the manufacturing sector.

The benefits of the AfCFTA will, however, depend on quick ratification (allowing it to enter into force), the effective implementation of the agreement itself, and also a range of supporting policies to address other barriers to trade, investment and industrialization. For the agreement to deliver the expected outcomes, priority actions, including those contained in the AfCFTA's sister initiative on Boosting Intra-African Trade (BIAT), will need to be undertaken to address current bottlenecks and ensure its effective implementation.

In this context, there is an urgent need to build on the current political momentum to support ratification of the AfCFTA agreement. The agreement will only enter into force once 22 ratifications of African countries have been received by the African Union Commission. There is also a critical need to commence and finalize the Phase II negotiations of the AfCFTA that examines trade-related critical issues including intellectual property rights, competition policy, investment and possibly e-commerce.

It is in an effort to advocate for expeditious and timely ratification and implementation that ECA is co-organizing the Africa Forum on "The AfCFTA ratification and implementation: A game changer for African Economies" with the Rockefeller Foundation and the Federal Government of Nigeria, in coordination with the African Union Commission.

### **3. Africa Forum**

The Africa Forum will bring together ministers and policy makers, private sector, civil society, academia, international organizations and other influential stakeholders from across the continent to discuss what is need to ensure that the AfCFTA becomes a reality and truly contributes to Africa's socio-economic development.

The forum will offer:

**Solutions:** Opportunities to connect with leaders and experts to translate ideas into powerful solutions for Africa's socio-economic transformation

**Exposure:** Platforms to access cutting-edge evidence-based policy briefs, methodologies and tools to support shared gains from the AfCFTA

**Opportunity:** Sessions that encourage participants to expand your thinking and explore fresh opportunities under the new continental market

**Impact:** Recommendations on how to learn to use the AfCFTA as a policy tool to create positive change and impact in African economies

**Value:** Spaces for lively, interactive multi-stakeholder discussions, along with access to engaging content and intra-African networking opportunities

**Networking:** Opportunities to participate in breakout sessions, roundtables and high-level plenaries and at the same time engage with actors across a diverse range of different sectors