THE AFRICAN CONTINENTAL FREE TRADE AREA SECRETARIAT

Creating One African Market

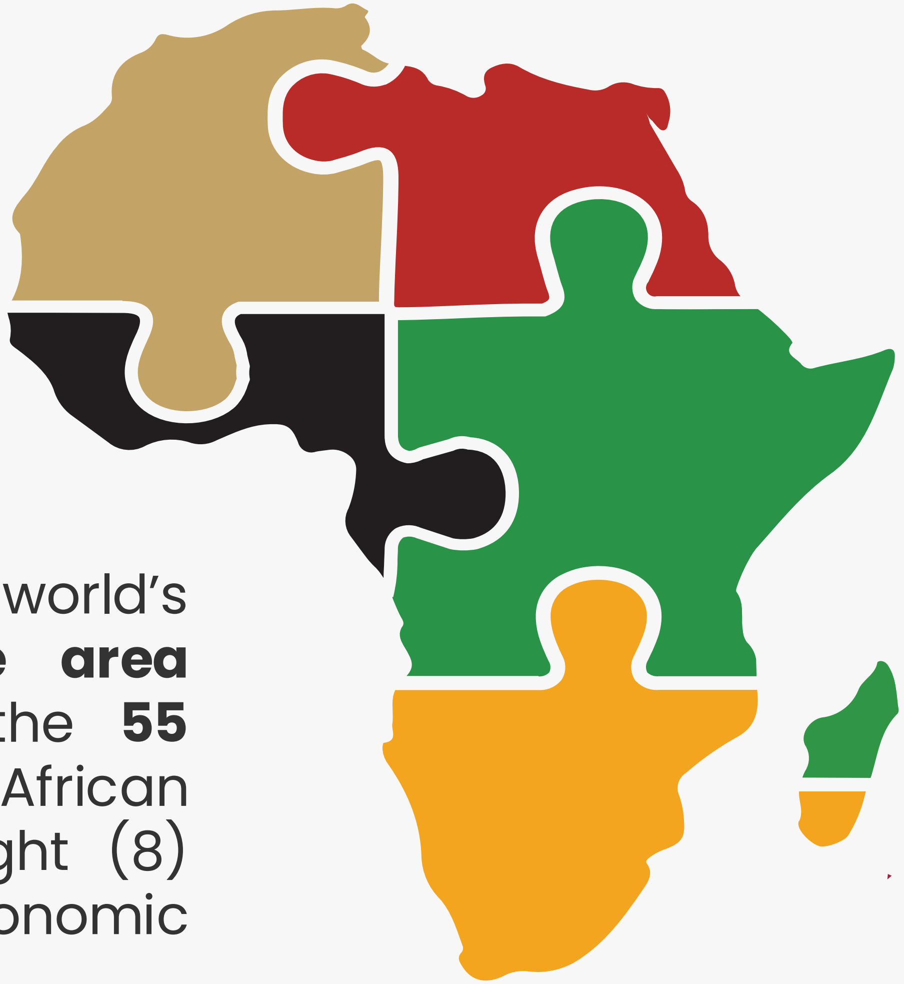
AfCFTA Implementation – The Agri-Trade Action Plan

1. State of Play: The African Continental Free Trade Area (AfCFTA)

Private Sector unit

The AfCFTA

The AfCFTA is the world's **largest free trade area** bringing together the **55 countries** of the African Union (AU) and eight (8) Regional Economic Communities (RECs).



The overall mandate of the AfCFTA is to **create a single continental market** with a population of about **1.4 billion people** and a combined GDP of approximately **US$ 3.4 trillion**.

AfCFTA is a first-of-its kind Pan-African programme with a dual mandate to accelerate intra-Africa trade and boost Africa's trade globally

AfCFTA's dual mandate…

" " Accelerating **intra-African trade** and boosting **Africa's trading position in the global market** by strengthening Africa's common voice and policy space in the global trade " "

$3.4trn
Combined GDP of AfCFTA countries today. By 2030, expect ~$6.7trn consumer and business spending in Africa

54
Countries signed the AfCFTA agreement, in support of its Pan-African mandate[1]

$540bn
Total value of Africa's exports of (2018), of which ~$87bn (<20%) is traded within Africa[2]

3x
Opportunity for trade if Africa's current $87bn in intra-Africa trade matches Europe (~66%) or Asia (~58%). Equivalent to $260bn

30mn
African's potentially lifted out of poverty due to markets AfCFTA has potential to create

In Article 27, the AfCFTA agreement explicitly recognizes the need to "improve export capacity of both formal and informal service providers, with particular attention to **MSMEs in which women and youth actively participate**"

1. Six countries nonetheless drive >60% of intra-Africa trade: South Africa, DRC, Nigeria, Egypt, Cote d'Ivoire and Zimbabwe
2. By value, the top goods are minerals/fuels (~35%), then vehicles, mechanical appliances and plastics

Source: AU Website, , UNCOMTRADE,

The objectives of the AfCFTA

1. Create a single continental market for goods and services

2. Expand intra-Africa trade across the RECs and the continent in general

3. Promote and attain sustainable and inclusive development, gender parity and structural transformation

4. Promote industrial development through development of regional value chains

5. Enhance competitiveness of African economies and support economic transformation of RECs

The State of Play

54 Member States have signed the AfCFTA Agreement

50 Member States have ratified the AfCFTA Agreement

48 Member States have submitted their Tariff Concessions (verified and adopted)

The Protocols of the AfCFTA

I

Trade in Goods

Trade in Services

Dispute Settlement

II

Competition Policy

Intellectual Property Rights

Investment

Digital Trade

Women and Youth in Trade

AfCFTA Operational Instruments

Report an
NTB Online

PAPSS
Pan-African Payment & Settlement System

e-Tariff Book

- The AfCFTA e-Tariff Book
- Rules of Origin Manual
- Non-Tariff Barriers Online Mechanism
- AfCFTA Adjustment Fund
- Pan-African Payment and Settlement System (PAPSS)
- AfCFTA Private Sector Database

AfCFTA Adjustment Fund Portal

Private Sector Engagement

Networking and match-making platforms exist for B-to-B cooperation; they serve as essential platforms to leverage economic opportunities under the AfCTA.

Biashara Afrika

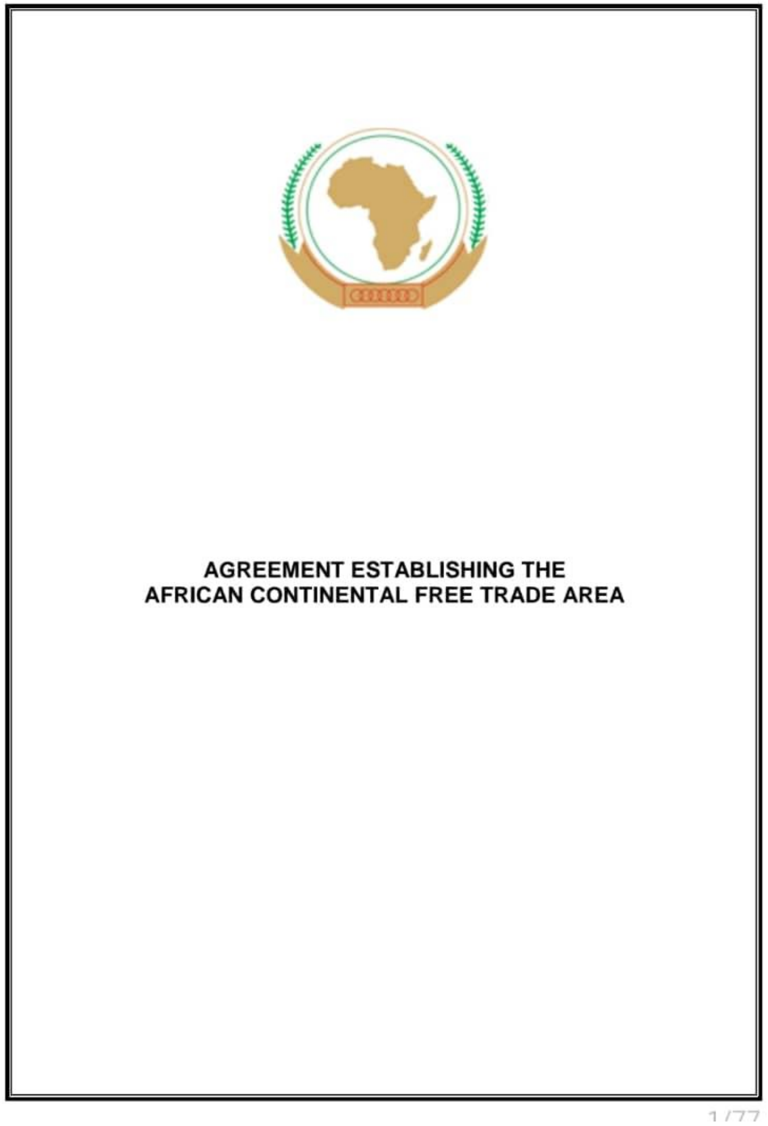
Intra-African Trade Fair (IATF)

2. AfCFTA Priority Value Chains

Private Sector unit

AfCFTA Private Sector and Value Chains Development Strategy

AfCFTA
Secretariat


AGREEMENT ESTABLISHING THE
AFRICAN CONTINENTAL FREE TRADE AREA

1 / 77

The **Article 3**, of the AfCFTA Agreement aims to promote industrial development through diversification and regional value chain development, agricultural development and food security.

The AfCFTA private sector strategy identifies priority value chains that could increase intra-African trade, production, and employment

Value chain prioritization criteria

i First value chains were filtered on based on value of trade…

Filter	Description
Value of trade	Have **high potential value** and volume of intra-African trade
Geographic balance	Provide opportunities for trade for a range of geographies and economy sizes across Africa

…then assessed for feasibility, economic growth, and inclusivity

Criteria		Description
ii **Feasibility**		Ability to overcome barriers to trade and production within short time frame (<5 yrs)
iii **Economic growth**	**GDP**	Contribute to sustainable GDP growth
	Employment	Contribute to creation of employment
	Product complexity	Include a balance of low and high complexity goods, with the latter requiring more technical know-how to produce/manufacture locally
iv **Inclusivity**	**Women, youth & SMEs**	Enable high participation rate and creation of economic opportunities for Women (i.e. share of labor force), Youth (i.e., share of employment) and SMEs (i.e., share of total SMEs)
	Environmental sustainability	Support value chains that are environmentally sustainable in their production and trade processes – proxied by level of CO_2 emissions

AfCFTA has prioritized four value chains for the first set of interventions, starting with the highest potential to meet demand locally

PRELIMINARY

High · Medium · Low

Sector	Good/service	(i) Value of trade: Imports from rest of the world, *Bn USD, 2018*	(ii) Feasibility[1]	(iii) Econ. growth	(iv) Inclusivity
Goods	**Agriculture and agro-processing**[2] including **processed foods (~$13bn including ~$9bn for meat and fish) – primary focus,** cereals (~$22b), vegetable oils (~$7bn) and cane/beet sugar (~$5bn)	47	High	High	High
	Automotive and vehicle parts[3] including **motor cars and vehicles (~$18bn) – primary focus,** vehicles to transport goods (~$5b), parts and accessories (~$5bn) and pneumatic tires (~$4bn)	32	Medium	High	Low
	Pharmaceuticals including medicaments (e.g., antibiotics, insulin)	11	High	High	Medium
Services	**Transportation, logistics and distribution**[4] including freight transport	37	Medium	Medium	Medium
Total prioritized		~$130bn *20% of total imports goods and services from ROW*			

Value chains were first filtered for high value of trade, then assessed for feasibility, economic growth potential, and inclusivity (including participation of women, youth, SMEs and environmental sustainability)

Within value chains, further narrowed down the focus for intra-Africa trade (e.g., within processed foods, focused on meat and fish worth ~$9bn

Additional value chains have been sequenced for future implementation (e.g., textiles) – *see appendix*

1 Defined as feasibility of overcoming barriers to trade and production within <10 years. See appendix for supporting details on selected value chains
2 Focus on processed foods going forward, despite smaller value than cereals. Cereals have low feasibility due to localization of production and consumption, vegetable oils and beet sugar more commoditized
2 Focus on motor cars and vehicles given relative size to other categories. Less fragmented than motor vehicle parts| 2. $3.6bn from fish and $4.7bn from meat

Priority Value Chains

- ❑ ***Agriculture & Agro-processing***
- ❑ ***Pharmaceuticals***
- ❑ ***Automotive***
- ❑ ***Transport and Logistics***

Value chains were filtered based on potential to increase trade or reduce reliance on imports from rest of world

Importance of Agricultural Trade in Africa

Africa has a large trade deficit and one of the lowest shares of intra-regional trade in the world…[1]

~$482Bn

continental imports of goods

~$80Bn

continental trade deficit is driven by food

~15%

of all goods traded are trade intra-Africa[2], vs.>54% in the Americas and Asia

Food is the major driver of the trade deficit

~$61Bn

continental food import bill[3]

~$12Bn

continental trade deficit is driven by food

30%

of cereal consumption met through import[4]

Agriculture provides jobs, but women, youth, and MSMEs in ag. are particularly marginalized

~226Mn

Employment in agriculture, ~49%[5] of total jobs in Africa

~70%

of informal traders are women

Women, youth, and informal traders

- **Have less access to inputs** and materials that would raise their productivity **than men…**
- Are often subject to **harassment and extortion at the border**

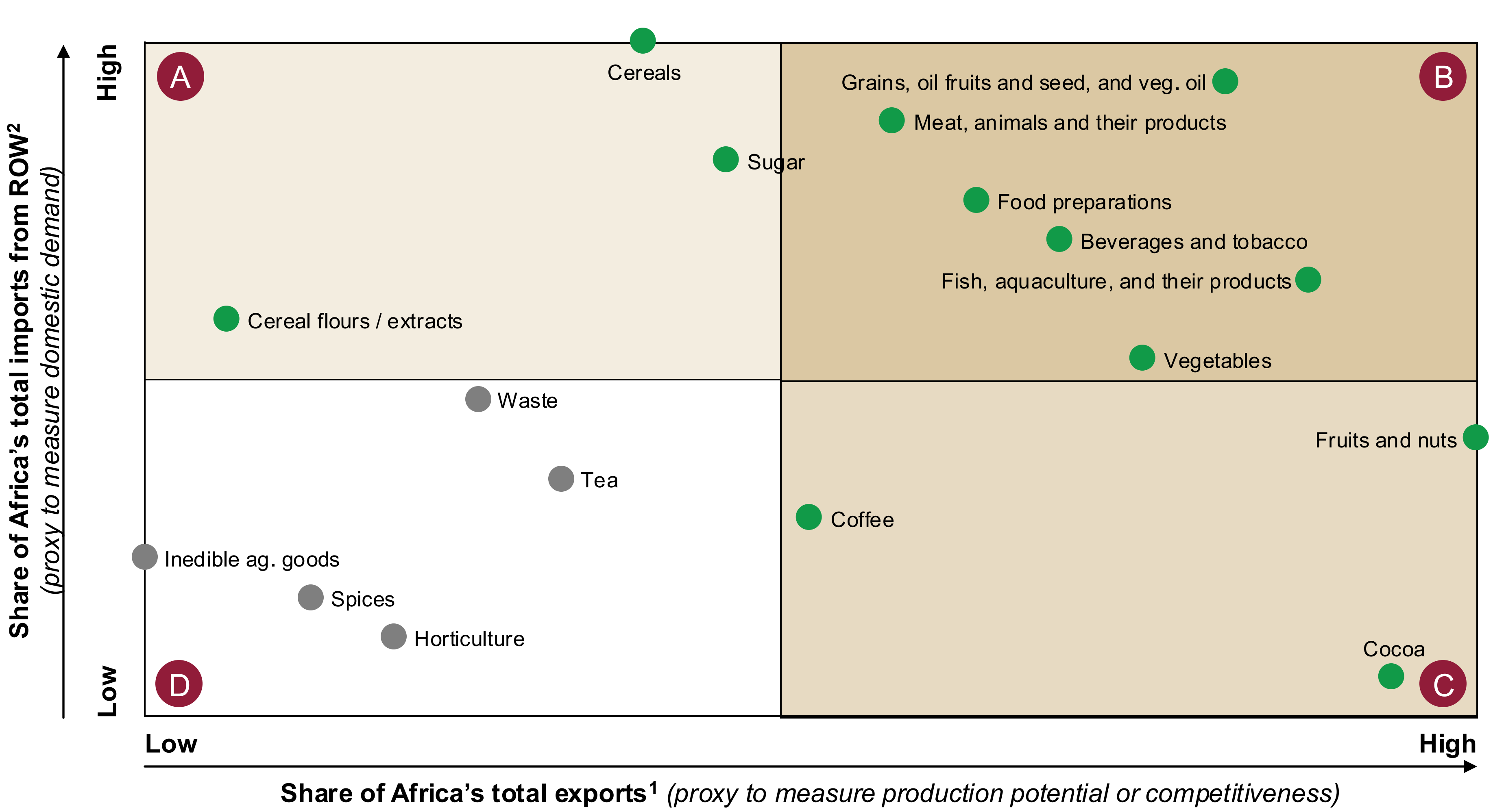
1. Data from 2019, assuming all HS codes
2. Goods imported from, or exported to, another African country. Data is only for products and doesn't include services
3. Data for 2019, based on UN. Assuming the following HS2 codes as food : 01-05, 07-10, 12, 15-22
4. Data from 2020
5. Data from 2019

Source: World Economic Forum, FAO statistical yearbook 2021 & 2022, FAO data, Trade map, UNCOMTRADE, OurWorldInData, AFDB, Press search

Value chains were filtered based on potential to increase trade or reduce reliance on imports from rest of world

Value chain further assessed on feasibility, job creation potential, inclusivity, potential for food security

Value chain de-prioritized due to low potential to increase trade or reduce reliance on imports



Description of value chain categories

A **Reduce import dependence through self sufficiency / intra-African trade:**
- Dependence on imports to supplement local supply
- Opportunity to scale production for self-sufficiency and food security at country level

B **Increase intra-Africa trade:**
- Existing production prioritized for international exports
- Opportunity for import substitution to meet intra-Africa demand

C **Increase international export:**
- Surplus capacity to serve international markets
- Opportunity to target African markets and/or scale value addition to capture higher premiums internationally

D **Low potential to increase trade or reduce reliance on imports**

1. Based on a ranking of share of all agricultural value chains in Africa's total exports
2. Based on a ranking of share of all agricultural value chains in imports from ROW

Note: Analysis is based on a ranking of 17 value chains- which were derived from suitable categorization of UN Comtrade data from 2021 at the HS4 level

Source: UN Comtrade; TradeMap (based on UN Comtrade); Expert interviews; Press search

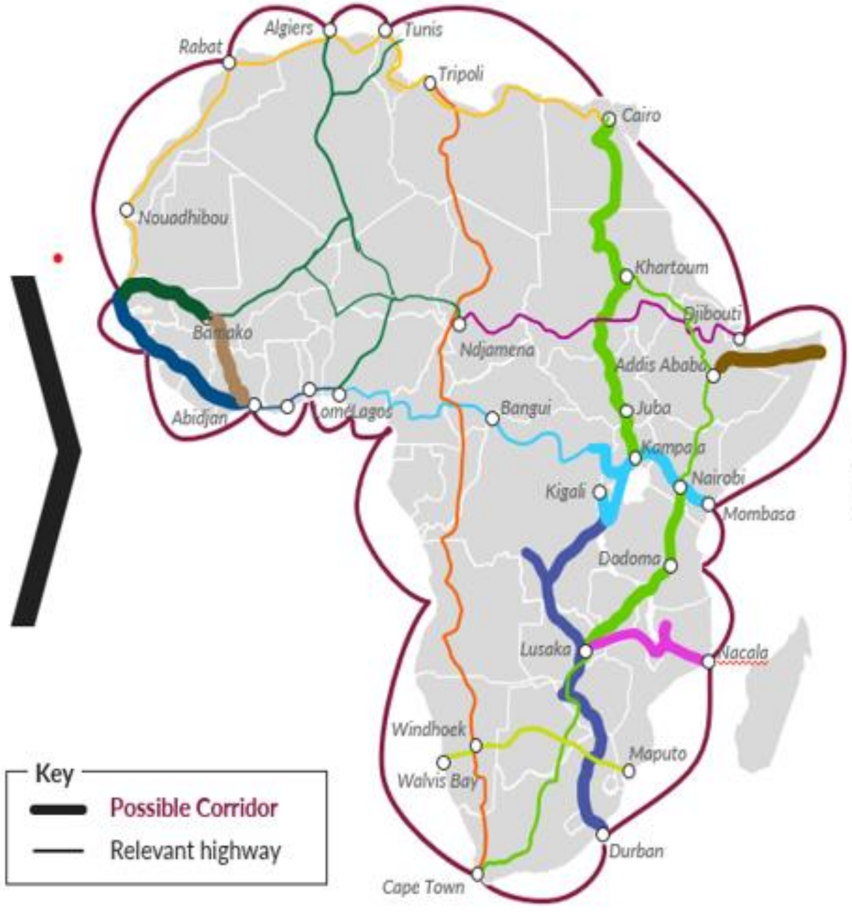
3. The Agri-Trade Action Plan (AfCFTA)

Private Sector unit

Agriculture and Agro- Processing Value Chain: The Agri-Trade Action Plan

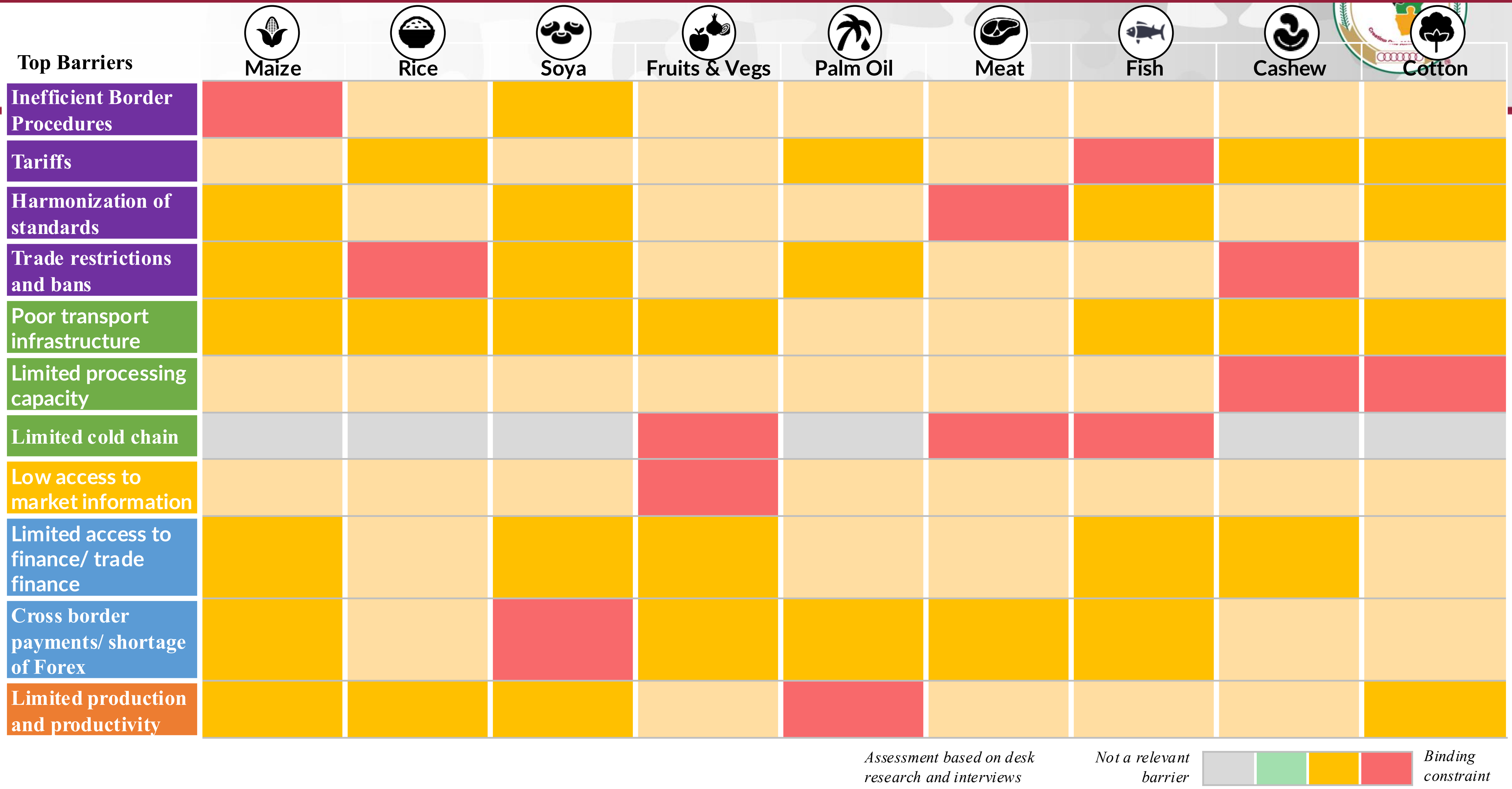
- Agri-Trade Action Plan, developed to open markets for Agriculture under AfCFTA.

	Selected bilateral opportunities[i]
Maize	• South Africa to Zimbabwe • Zambia to Kenya
Rice	• Tanzania to Uganda • Tanzania to Rwanda
Soya	• Malawi to Mozambique • South Africa to Zimbabwe
Fruits & Vegetables	• Egypt to Morocco • Ethiopia to Somalia
Palm Oil	• Liberia to Côte d'Ivoire • Côte d'Ivoire to Mali
Meat	• Namibia to Mozambique • South Africa to Lesotho
Fish & its products	• Mauritania to Côte d'Ivoire • Morocco to Ghana
Cashew	• Côte d'Ivoire to Algeria • Tanzania to South Africa
Cotton	• Côte d'Ivoire to Togo • Mauritius to Madagascar



Possible routes an
corridors

Top barriers identified range from inefficient border procedures, standards harmonization, poor infrastructure, limited access to finance, along other barriers, each affecting value chains differently



Sources: [1] Stakeholder interviews; [2] Desk research; [3] Dalberg analysis

AFRICAN CONTINENTAL FREE TRADE AREA SECRETARIAT

Creating One African Market

4. Agri-Trade Action Plan Aligned Initiatives

Private Sector unit

1. Women and Youth Economic Empowerment in Fisheries Through inclusive Market Access

CATALYSING MARKET & JOB OPPORTUNITIES IN FISHERIES

Geographic region:

Kenya, Uganda, Tanzania (including Zanzibar), the Democratic Republic of Congo (DRC), Zambia, Nigeria and selected island states

Duration: **May 2024 – 2029**

End of Programme targets:

- ✓ 242,573 jobs (150,000 self employment + 92,573 wage jobs) created
- ✓ USD 100m increased trade in fish and fish products
- ✓ 30,000 women and youth equipped with skills to trade in fish and fish products
- ✓ 10,000 jobs created/sustained
- ✓ USD 2m increased revenue in fish and fish products

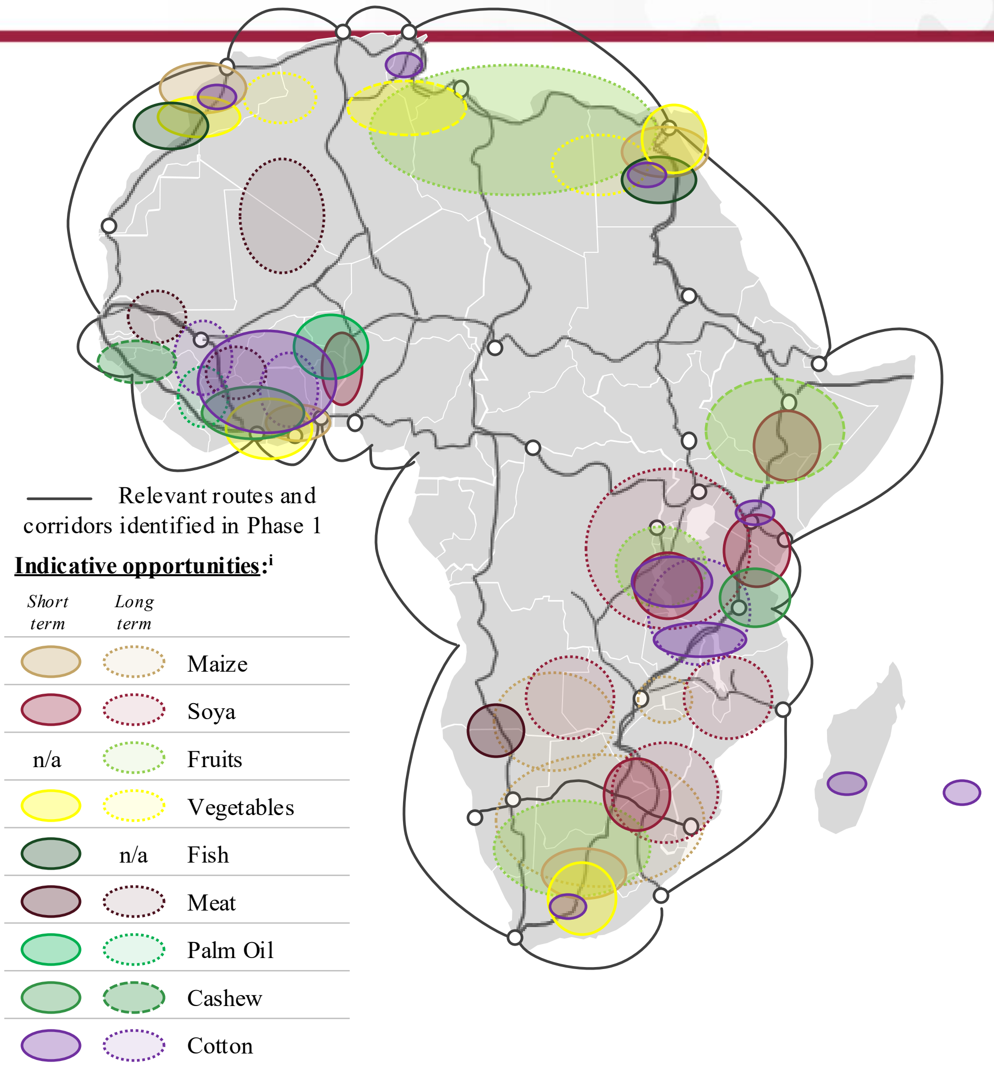
2. Common African Agro-Parks Program

Common African Agro-Parks Program (CAAPs)

- Implementation of transboundary mega agro-industrial infrastructure -CAAPs initiative for food security and import substitution
- AfCFTA in collaboration with Afreximbank, AUC & Forum for Agricultural Research in Africa (FARA)
- Agreement with all partners on the development of Zimbabwe -Zambia common agro-industrial park and Ghana Cote d'Ivoire Cocoa CAAP.

3. Investment Opportunities: processing hubs across the selected value chains

Overlay of all *indicative* cross-border opportunities



Summary of processing hub opportunities across value chains

Value chain	Indicative processing hub opportunities[ii]
Maize	**South Africa[ST,LT] and Zambia[LT]** → Egypt[ST], Morocco[ST], Ghana[ST], Mozambique[LT], Lesotho[LT], Zimbabwe[LT], Namibia[LT], Angola[LT], and Botswana[LT]
Rice	*Opportunities for processing are limited, given the limited production and availability of raw rice for processing*
Soya	**Zambia[LT], Uganda[LT], and Tanzania[ST,LT]** → the DRC[ST, LT], Kenya[ST, LT], and Angola[LT]; **South Africa[ST,LT]** → Zimbabwe[ST, LT] and Mozambique[LT]; **Malawi[LT]** → Mozambique[LT]; **Benin[ST]** → Niger[ST]
Fruits	**Egypt[LT], Tunisia[LT], and Algeria[LT]** → Libya[LT]; **Kenya[LT]** → Somalia[LT], Ethiopia[LT] and South Sudan[LT]; **Tanzania[LT]** → the DRC[LT]; **South Africa[LT] and Namibia[LT]** → Botswana[LT]
Vegetables	**Egypt[ST, LT], Tunisia[LT], Morocco[ST, LT]** → South Africa[ST], Côte d'Ivoire[ST], Libya[LT], and Algeria[LT]
Fish	Morocco[ST] → Egypt[ST]
Meat	**Namibia[ST, LT]** → Angola[ST, LT]; **Mali[LT]** → Algeria[LT], Senegal[LT], or Côte d'Ivoire[LT]
Palm Oil	**Burkina Faso[ST] and Benin[ST]** → Niger[ST]; **Côte d'Ivoire[LT]** → Guinea[LT]
Cashew	**Côte d'Ivoire[ST, LT], Tanzania[ST, LT], Ghana[ST, LT], Guinea-Bissau[LT]** → *Global markets*
Cotton	**Tanzania[ST, LT]** → Malawi[ST, LT], Zambia[ST], the DRC[ST, LT], Uganda[LT]; **Mali[LT] and Côte d'Ivoire[LT]** → Guinea[LT]; **Burkina Faso[LT], Côte d'Ivoire[LT], and Togo[LT]** → Ghana[LT]; **West Africa[iii][ST]** → Egypt[ST], Morocco[ST], Tunisia[ST], South Africa[ST], Mauritius[ST], Madagascar[ST], Kenya[ST]

ST: Short-term opportunity | LT:Long-term opportunity

Note: (i) The analysis did not reveal viable processing hub opportunities for rice; (ii) Countries in bold are the top unprocessed products exporters, and countries not in bold are the top importers of processed products; (iii) West Africa (Benin, Burkina Fasso, Côte d'Ivoire, and Mali)
Source: Dalberg analysis

4. Financing Mechanism for Implimentation

Private Sector unit

AfCFTA Impact Investment Initiative

Aims to strengthen SMEs access to finance by aligning impact investment instruments with priority AfCFTA value chains, including agriculture and Agro-processing.

Target Auduence

- The Gap – "Missing Middle"
- Too big for microfinance
- Too small for DFIs & banks
- Underserved small-ticket deals
- Target to inject additional >$500million impact fund to catalyze SMEs in AfCFTA Value chians

Governance:

- AfCFTA: Strategic oversight, Independent professional fund manager and Private sector–led Steering Committee

Implementation:

- Continental umbrella fund, Sector-focused windows
- Pilot → Scale → Mobilize domestic capital

Key Messages

Creating One African Market

AfCFTA
African Continental Free Trade Area
Creating One African Market

An Organ of the African Union