



United Nations
Economic Commission for Africa



Creating One African Market

EXISTENTIAL PRIORITIES

for the African Continental Free Trade Area



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A decorative background consisting of a grid of vertical and horizontal grey lines. At the intersections of these lines are small, semi-transparent colored circles in shades of green, orange, red, and grey. The circles are scattered across the page, with some appearing in small clusters.

EXISTENTIAL PRIORITIES

for the African Continental Free Trade Area

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Foreword

The African Continental Free Trade Area (AfCFTA) is of the same order of historical significance as the establishment of the Organisation for African Unity in 1963 and the African Union in 2002. Through trade and trade-related areas, it is poised to change the economic geography of Africa by creating the African Common Market. The AfCFTA enjoys strong political will and ownership at the highest level across the continent, which greatly improves its prospects. As a rules-based institution, it will inject a degree of predictability into trade and investment across the continent, which until now has been sorely lacking. It will support long-term planning in the public and private sectors. Underlying such processes of deep integration—which entail more than just trade liberalization between member states—is the harmonization of disparate regulatory regimes. The AfCFTA's implementation will improve the business environment through wide-ranging policy reforms across the spectrum of trade and investment facilitation, fair competition, intellectual property and innovation, digitalization, and gender and youth empowerment in trade, as well as effective settlement of disputes and compliance with obligations on the part of governments for the benefit of stakeholders.

Africa has clearly articulated a vision of the AfCFTA as the continental forum for adopting, implementing, improving and enforcing a common set of agreed trade and trade-related rules and norms for the Africa We Want under Agenda 2063. The AfCFTA will progressively become a full common market as a key pillar of the African Economic Community. It should be inclusive, leaving no one and no country behind. It should benefit women, youth and small to medium-size enterprises. It should be transformative, and to this end, trade facilitation, industrialization and infrastructure will be critical must-wins. It should be digitalized and modern, to cope with and benefit from the digital and artificial intelligence advances of the fourth industrial revolution. It should be a learning and innovation-based institution. And it should be well-resourced, fit for purpose and green throughout.

We note with satisfaction that within just two and a half years, the AfCFTA has left its mark on the continent and throughout the world. It has mobilized partnerships with technical and financial institutions and with governments. The institutional framework for implementation, finalization of outstanding negotiations and strengthening of the Secretariat is in place. And while we are keenly aware of the challenges that must be addressed, we are undaunted by them.

Existential threats and challenges of conflicts, pandemics and epidemics, climate change and environmental destruction, and cyber-crime, as well as inequality and exclusion, must be continuously addressed if the AfCFTA is to succeed. The more practical challenges of implementation, low levels of industrialization and poor infrastructure will also require urgent attention. At the same time, broader efforts must continue at the national, regional, continental and global levels, because system-wide approaches will be required given the gravity and wide scope of these challenges. The AfCFTA provides an invaluable framework for meeting these challenges and existential threats.

This book is therefore timely. It advances the discussion and can form a basis for further work. Some key messages in the book are that Africa must aim to be internally stronger through progressively deeper and wider economic integration; affordable energy, rules of origin that support regional value chains, empowerment of women and youth, and free movement of persons are key priorities; and the future of Africa must be digitally savvy, technologically sound, and safe and healthy, and to this end the protocols on digital trade, intellectual property, investment, competition, and women and youth in trade will be pivotal, together with the protocols on trade in goods and services and dispute settlement. Due attention must be given to technology and public health. Finally, focused work is required in other pertinent areas, including conflicts climate change, inequality and exclusion.

We commend the editors and authors.



Wamkele K Mene
Secretary General (AfCFTA)



Vera Songwe
Executive Secretary (ECA)

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Introduction

Francis Mangeni

The year 2021 was, in many respects, an annus horribilis for the African continent, according to many reviews of the year. Not only did the COVID-19 pandemic take a tremendous toll but 15 active armed conflicts were registered, and four military seizures of government in Chad, Mali, Guinea, and Sudan (UNDP, 2021; WHO, 2021; Fabritius, 2021; Mishra, 2021; CFR, 2022; Fofack, 2022). There were also fires, floods, droughts and famine from worsening climate change (UN, 2021; Shumaker and Januta, 2021; Gibbens, 2021); cyber-crime (Interpol, 2021); over 490 million Africans in extreme poverty; high unemployment and inequality (UNCTAD, 2021a); global angst and a weakened international order (Haass, 2020; Klein, 2021; Lind, 2020; Philipon, 2019). Against this grim backdrop, the African continent chose in 2021 to focus much of its attention on a better future, through the African Continental Free Trade Area (AfCFTA). As evidence of the success of this effort, in November 2021 alone in Durban the Intra-Africa Trade Fair generated business deals estimated at \$40 billion over just three days and attracted over 5,000 conference participants, 10,000 visitors and buyers and 1,100 exhibitors both large and small and including youth- and women-owned businesses (IATF, 2021). The political momentum behind the AfCFTA across the breadth and length of Africa remained strong and expectations high.

People were also growing accustomed used to the acronym AfCFTA, although arguably it would be more accurately called the ACM (African Continental Market). Some continued to call it by its original name, the Continental Free Trade Area (CFTA), before “Africa” was added for precision, becoming AfCFTA. Saying “AfCFTA” can be a tongue-teaser, and many stumble over it. Many African observers are uncomfortable with the term “free trade” because of its connotations of neo-liberal economics and its association with the lost decades of the 1980s and 1990s. The key argument against the free trade part is that the AfCFTA is much more than a free trade area. It is a developmental tool that encompasses industrialization, infrastructure, technology and innovation, resource mobilization and sectoral cooperation for achieving inclusive structural transformation.

Following the triumph of capitalism over communism and the dramatic end of the cold war in 1989–1991, with the collapse of the Berlin Wall and the disintegration of the Soviet Union, Francis Fukuyama declared the end of history in his then misunderstood publication by that name (Fukuyama, 1992). Yet new trends were just emerging. He later explained the political decay (Fukuyama, 2015) and the populist and identity

politics that characterize much of the developed world (Fukuyama, 2018). The African Continental Free Trade Area marked the beginning of a new history for Africa, reflected in the euphoria with which it was received across the world (Ajibo, 2019).

The African Continental Free Trade Area (AfCFTA) began operations in 2021. Trading was to commence on 1 January 2021 (AUC, 2020), and customs duties would be reduced and phased out, in equal annual steps or in accordance with the respective tariff schedules. The phase-out period for achieving duty-free treatment for originating products on 97 per cent of total tariff lines was 10 years for developing countries (2031) and 13 years for least developed countries (2034), with 90 per cent of tariff lines to be reached after 5 years for developing countries and 10 years for least developed countries (AfCFTA, 2021).

The African Continental Free Trade Area marked the beginning of a new history for Africa...

The fundamental objective of the AfCFTA was to accelerate structural transformation on the continent (AfCFTA Agreement, Article 3). Industrialization and infrastructure development, political and macroeconomic stability, public health security, environmental protection, empowerment of women and youth in trade, and holistic and inclusive human development were to be key complementary programmes. All these would leverage economies of scale from the large African market, comprising 1.4 billion people and a combined gross domestic product estimated at over \$6.7 trillion in purchasing power parity,¹ a land mass of 30 million square kilometres and vast amounts of natural resources, especially those in demand for a green fourth industrial revolution (UNCTAD, 2021b).

In 2021, after about two and a half years in existence (the Agreement had entered into force on 30 May 2019), the AfCFTA had made great strides:

- It had a functional Secretariat headed by a charismatic young Secretary General with gravitas, Mr Wamkele Keabetswe Mene, supported by two key directors, Mr Mohamed Ali and Ms Emily Mburu, seven seasoned advisors and 32 other staff.

- It had an articulated vision and narrative and was embraced by stakeholders and the public at large, as the continental forum for negotiation, adoption, implementation, improvement and enforcement of agreed trade and trade-related rules and norms, creating a single inclusive continental common market for boosting trade and industrialization, tackling poverty and unemployment, and assisting in expediting the socioeconomic transformation of Africa.
 - It had mobilized technical and financial resources and partnerships across the world, covering all the major powers both old and new.
 - It had established an institutional framework for oversight and implementation from ministerial to technical and expert levels and had operationalized the Dispute Settlement Mechanism by establishing the Dispute Settlement Body and agreeing on its workings.
 - It had embraced the digital and artificial intelligence revolutions, including through flanking tools to pilot and pioneer a continent-wide digital payment system, address non-tariff barriers using web-based facilities, provide market intelligence, address the COVID-19 pandemic through safe travel and the production and supply of medical products and promote online trading, all of which support utilization of trade and investment opportunities; and through the building of a sound technological base for manufacturing and service.
 - It enjoyed proactive support and ownership by heads of Africa's political, financial and technical institutions including the African Development Bank (Akinwumi Adesina), the African Export-Import Bank (Benedict Oramah) and the Economic Commission for Africa (Vera Songwe), which maintained cordial relations.
 - It engaged in outreach and increased its visibility, becoming the continental interlocutor with the rest of the world on trade and trade-related matters (AfCFTA, 2021).
 - It had 54 signatories to the Agreement (all African countries except Eritrea); 42 ratifications; 43 market access schedules for goods, 29 of them verified by the Secretariat and ready for use; and 44 services liberalization schedules.
 - It had assembled committees for negotiation of competition, investment and intellectual property protocols, and adopted terms of reference. Negotiations started in earnest with information gathering, awareness creation, capacity building, and presentation and discussion of initial draft instruments (AfCFTA, 2021).
- The AfCFTA sought to become a versatile learning organization, adjusting and coping with emerging challenges through institutional engineering, by:
- Establishing new required bodies such as the Subcommittee of Heads of Customs, a sine qua non in customs operations and trade facilitation.
 - Agreeing to an additional Protocol on Women and Youth in Trade.
 - Merging phases 1 and 2 to fast-track e-commerce negotiations and broaden them to develop a Protocol on Digital Trade.
 - Establishing a Continental Task Force to regulate and coordinate relations among the Secretariat, the secretariats of the eight regional economic communities and customs and trade arrangements on the continent, key technical and financial partners (the Economic Commission for Africa, the African Development Bank and the African Export-Import Bank) and continental private sector institutions (AfroChampions and the African Business Council).
 - Bringing on board developmental and commercial financial institutions to create credit lines, especially for small businesses, and establish a fund to support governments and the private sector in adjusting to and utilizing the new continental market.
 - Initiating the scaling up of successful regional programmes to the continental level, such as TradeMark East Africa and the regional customs transit bond of the Common Market for Eastern and Southern Africa for trade facilitation.
 - Beginning to establish an Academy and an Advisory Group on Trade and Industrial Development.
 - Being evidence-based in policy- and decision-making, through partnerships and engagement with technical organizations and academia (AfCFTA, 2021).

A setback occurred in 2021, however. Although trading under the new continental regime was to have commenced on 1 January 2021, senior trade officials in their meetings took the view that such trading could not happen and delayed it for the rest of the year while they continued negotiations, eventually agreeing on rules of origin for 86.7 per cent of the total tariff lines. However, a number of countries indicated their readiness to use the AfCFTA rules for exports and imports. Ghana, for example, exported some consignments under the new rules, and Egypt indicated its readiness to process imports under AfCFTA rules and procedures.

Going forward into 2022, there were certain priorities:

- Trading should commence without further delay on the basis of what has been agreed so far, and outstanding matters, especially on tariff and services schedules and rules of origin, should be progressively and expeditiously finalized.

- Agreed goods and services schedules, customs documents, rules of origin and all required regulations and information should be gazetted, formally published and widely disseminated to stakeholders and the public, including through trade-facilitating interactive online tools, especially single-windows and trade portals.
- Negotiations on competition, investment, intellectual property, digital trade and women and youth in trade should advance at least to the production of final drafts of the protocols.
- Recruitment of the full staff complement of 216 officials for the Secretariat should visibly progress, with at least a quarter of that number in post.
- Rigorous technology and innovation, industrialization, financing and leadership forums should be established and scaled up, harnessing some existing initiatives, in partnership with relevant regional and global organizations, philanthropic organizations, academia, industry, civil society, workers, farmers, youth and students.
- Catalyse and promote a continent-wide education movement to support the African Continental Trade Area and Agenda 2063, estimated to require at least \$620 million, for we won't get the Africa We Want under Agenda 2063 until we have the Africans We Want.

The AfCFTA is anticipated to have the same order of historical significance as the founding of the Organisation for African Unity in 1963, which irreversibly changed the political geography of Africa through decolonisation. Despite initial setbacks, the AfCFTA remains on track to permanently change the economic geography of Africa by establishing a single trade constitution with common rules and norms for trade in goods and services, investment, competition, intellectual property, digital trade, and women and youth in trade and by launching education, innovation, industrialization and financing programmes (Mangeni and Juma, 2018).

All this will require innovative thinking, a minds not just mines mentality, that is focussed on building and deploying human capital beyond reliance on extraction and export of unprocessed commodities, as much of Africa now does (UNCT, 2021b). It will require economists, lawyers, strategists, results-based management, an empowering philosophy, creativity, facilitative frameworks and goodwill. The job of socioeconomic transformation is far too important to be left to any one profession or discipline, just as war is too important to be left to the generals, as Georges Clemenceau quipped. It will above all require charismatic and transformational leaders who bring to the effort all the available human, technical, financial and institutional resources and capabilities, and who achieve what must be achieved (Johnson and Robinson, 2021a). While policy interventions to advance development

have become fairly standard over the years—for instance, political and economic governance, industrialization, investment, infrastructure, inclusiveness, gender and youth empowerment, education and innovation—poverty stubbornly remains and may be on the increase, while other social indicators perform unsatisfactorily (UNDP, 2021).

Standard prescriptions for economic development increasingly sound like a broken record. The continent has often been treated almost as a testing ground for economic theories, and thus far they have been found wanting, whether the Washington Consensus-type policies, governance, big push or preferential market access (Archibong, Coulibaly and Okonjo-Iweala, 2021; Mold and Chowdhury, 2021). The collapse of the Washington consensus has given way to new prescriptions. Among others, Benedict Oramah epitomizes this new thrust. As president of the African Export-Import Bank, he has burst onto the scene with vigorous financial, moral and political support for the AfCFTA, assisted by a good rapport with the Secretary-General. In his lecture at New York University in October 2017, Oramah recalled the old, vastly rich empires of Africa and set out his explanation for the state of Africa's underdevelopment, attributing it largely to slave trade, colonialism and neo-colonialism, and proceeded to welcome the AfCFTA and recommend concrete ways forward to "making Africa great again." Steps include dealing with inadequate trade information, producing dynamic goods competitively, remedying fragmented financial markets and multiple currencies, ridding Africans of a colonial mentality characterized by distrust and hostility towards other Africans. For example, in public procurement, trade facilitation should focus on transit and standards, promote intra-Africa investment, invest in infrastructure and involve the diaspora in intra-African trade (Oramah, 2018).

Mention can be made of residual opposition to regional economic integration in Africa, perhaps represented by former World Bank Chief Economist Justin Lin. In 2015, Lin argued that *"A carefully focused export strategy is crucial. The international development community and many African governments want to work toward regional integration, linking the markets of 55 African countries. This might have its advantages, but it should not be a priority. Africa today accounts for just 1.9 per cent of global GDP, compared to 21 per cent for the United States and 23 per cent for Europe. Developing countries must use their limited resources in the most effective way, and there is no question where the most attractive opportunities are to be found. For example, instead of investing heavily in the infrastructure needed for regional integration, a country like Ethiopia would be better off building industrial parks and linking them by road to ports in Djibouti."* (Lin, 2015)

However, this view is hardly supported by much of the analytical work. The World Bank has robustly supported the AfCFTA, projecting enormous welfare gains by 2035, such as lifting 30 million Africans out of extreme poverty and 68 million out of moderate poverty (less than \$5.50 a day), improving gender empowerment and boosting Africa's GDP by \$450 billion (a 7 per cent gain) and the rest of the world's income by \$76 billion. Cilliers (2021) and Abrego et al. (2019) also project large welfare gains.

While economic models are still relevant, context matters crucially and largely determines the relevance and efficacy of policy (Rodrik, 2015; Oqubay, Cramer and Sender, 2020). A systems approach is appropriate for bringing on board all critical actors and taking into account the dynamics, interrelationships, perspectives and boundaries as pathways to decisions (Future Learn, 2022; Goodman, 2022; Johnson and Robinson, 2021b; Mangeni and Juma, 2018; Acaloglu, 2017, von Bertalanffy, 1969). Systems thinking "is the 'natural way the world works,' giving a simpler, yet holistic view of individuals, teams and organizations as they survive and thrive in today's complex and dynamic global environment. The holistic outcome-oriented approach to Systems Thinking distinguishes it from other narrow and fragmented analytical approaches to life and work" (Haines, 2010).

The systems approach requires actions at the country, regional, continental and global levels. At the country level, action should be taken by central, local and community governments. Standing multi-sectoral, inter-disciplinary, well-resourced and efficacious public-private-academic and civil society platforms for dialogue, policy formulation, implementation and continuous review should be in place. The systems approach also requires an all-of-government strategy that includes all relevant government departments, as well as all other arms of government particularly parliamentary committees, the judiciary and law associations, together with self-regulatory bodies.

But that's not all. National-level processes should be scaled up to regional, continental and global levels. Regional and international institutions wield significant resources and power, and as the repository of shared sovereignty, set norms and rules and provide influential frameworks for maintaining the status quo or advancing change. Given the interconnectedness arising from globalization—and human nature—pragmatism requires concertation at regional and global levels.

Furthermore, given the need for legitimacy, agency, and personal responsibility and ownership, an all-the-people approach must also be in place, to promote participation, utilization and impact. What actually happens on the ground matters. The extent to which ordinary people own and benefit from the AfCFTA can be the ultimate measure

of it all. This means that the AfCFTA could be a people's movement, drawing on social-political processes for getting to tipping points and achieving change. Key initiatives could include outreach, mobilization, engagement, publicity and targeted education. Establishment of joint task forces, supported by joint working groups, to oversee the standing arrangements for dialogue, can greatly improve the quality, relevance and pace of policymaking, implementation, utilization and continuous improvement.

A systems approach also involves continuous learning as a pivotal tenet of socioeconomic transformation and improvement. Lessons learned are continuously brought to bear on policy formulation and implementation. A sound technological base is a pre-requisite for economic development and structural transformation. In particular, value addition and diversification will not meaningfully happen without a sound, facilitating technological base. Learning and a sound technological base provide critical elements of an effective eco-system for innovation. Innovation—the turning of ideas, skills, passions and inventions into new goods, services and processes—requires an active interface between theory and practice; industry, universities and financial institutions; and research and application. Applied research and the harnessing of knowledge and innovations, adapted to context, can create a faster trajectory to socioeconomic transformation (Lundvall, 2016; Ahlstrom, 2014; Ogden, 2010). Singapore understood this quite well. Lee Kuan Yew, the founding prime minister, reveals his main secret to be the firm belief that there were always, somewhere in the world, best practices to learn from, whenever problem had to be addressed (Yew, 2000). This was the basis for prioritizing the harnessing of knowledge from around the world through education at the best universities, study visits to learn from the best, and an open-door policy to knowledge generators and managers.

Adequate funding is required to implement policies and programmes, another key aspect of a systems approach. Access to finance and the cost of credit are key issues. Financial access should be inclusive and universal, and the cost should enable meaningful returns and prosperity in a reasonable period of time. Fintech has been instrumental in promoting inclusiveness and competition in financial products. Achieving this, however, has required the necessary infrastructure, especially the ubiquity of smart phones, internet, electricity (including solar power) and basic financial literacy. M-pesa, a runaway success story that started in Kenya, has become a byword for financial inclusion.

Notwithstanding the roles of national governments, or regional and global institutions, it has been age-old wisdom to devise issue- or spatial-specific administrative units for efficacy. The principle of subsidiary has been applied for centuries within large empires, regional organizations and nation states. As far back as 1963, at the establishment of the Organization for African Unity, and then again in 1991, at the adoption of the Abuja Treaty, the strategy of using regional economic communities (RECs) as building blocs for progressive continental integration, rather than establishing a big-bang continental government, was the master stroke that paved the way for any progress at all on political and economic cooperation in Africa (Mangeni and Juma, 2018). The initial call for a continental government was not adequately explained or thrashed out in sufficient detail to address key concerns at the time, particularly on sovereignty and fears of aggrandisement. Had the inter-governmental approach, with pooled sovereignty and variable geometry, starting with a core group and allowing for accession, been made the bedrock at the time, a different trajectory would have evolved. Lessons learned over the years should not be quickly forgotten but should continue to inform continental initiatives. The political and administrative formation of Africa has taken place along five geographic regions (Abuja Treaty, Art. 1[d]). Though not neatly reflecting the eight RECs, five of the RECs—EAC/IGAD, ECCAS/CEMAC, ECOWAS/UEMOA and SADC/SACU—play decisive roles in that they are more closely aligned to the eastern, central, western and southern Africa regions.

What we do today is to be shaped by our vision of the future (Bonetti, 2011; Carroll, 2010; Canfield, 2007). Following on the Millennium Development Goals of 2000–2015, which catalysed global attention and action against poverty, hunger, disease, illiteracy, gender inequality, and infant and maternal mortality, the global family adopted the 17 Sustainable Development Goals (SDGs) or Agenda 2030, which go beyond social issues and also address the economy, the environment, habitats and partnerships. They represent human systemic hope for a good world (Bregman, 2020). Progress towards achieving the SDGs, however, got off-track and was worsened by the COVID-19 pandemic (UN, 2021). Besides Agenda 2030, Africa adopted Agenda 2063 in 2013, a 50-year blueprint for creating an integrated, prosperous, peaceful and internationally effective Africa. Agenda 2063 has 15 flagship projects, including the AfCFTA, the African passport and free movement of persons, and a single African air transport market (AUC, 2013).

Projections of the potential impact of the AfCFTA regularly use the years 2035 (for example, the World Bank, 2020) and 2040 (for example, Cilliers, 2021). The 10- and 13-year tariff elimination programme, for developing and least developed countries, respectively, with 2021 as the starting year, will end in 2031 and 2034, covering 97 per cent of tariff lines. Therefore, 2035 is used in some analyses to reflect the implementation timeframe for the AfCFTA. The year 2040, however, factors in an additional five years, providing time to review actual implementation and to more realistically assess impact since 2021. A caveat, though: many projections are based on assumptions of full or generous market access that may be at variance with the actual tariff schedules produced by state parties.

Projections of the economic impact of the AfCFTA are on the whole positive, despite some scepticism about implementation (Mangeni, Kategekwa and Gilpin, 2021; UNDP, 2020; World Bank, 2020; Cilliers, 2021; Abrego et al., 2019). The AfCFTA can assist in reducing poverty, disease, hunger, illiteracy and gender inequality and contribute towards achievement of the SDGs under Agenda 2030. It is portrayed as inclusive, rules-based, results-based, learning- and innovation-based, digital, comprehensive, modern, well-resourced, fit-for-purpose, transformative and developmental (AfCFTA, 2021). The developmental approach means that it will cover trade, industrialization and infrastructure, including transportation and energy, as well as macroeconomic and political stability (AfCFTA Agreement, Art.3). All these should be green: greening is indispensable as a meta-norm that should underpin all activity, in light of the existential threat of climate change (UN, 2021).

There will not be one correct development path that applies across all situations (Piketty, 2017; Lundvall, 2016; Rodrik, 2015; May and Mold 2021). Socio-economic transformation that leads to development will be eclectic, iterative and bottom-up. “Let the practice inform the theory” could be a good adage (Chang, 2006; Schatzki, Knorr-Cetina and von Savigny, 2001). However, key planks of socio-economic transformation and development, to be adapted to the context, include leadership, technology, finance and human capital, underpinned by ideas and a philosophy that produce robust character. A nation is only as strong as the quality of its people and capabilities (Yew, 2000). Leadership entails setting a vision, with clear objectives and targets; mobilizing the required resources and capabilities; establishing appropriate institutions and business processes, with results-based management; mobilizing all relevant stakeholders; and continuously creating awareness creation across all society. It also entails character and charisma, which are needed to achieve efficacy.

The epochs of social development, also called industrial revolutions, are outgrowths of technological change and innovation (UNCTAD, 2021b; Schwab, 2017; Juma, 2016; Schumpeter, 1911).

A sound technological base is critical. Development practice shows that good innovation ecosystems help greatly to develop new technologies and harness existing ones from around the world, for wide diffusion and application in the economy. Capabilities complete the wherewithal for change and development, including human and financial resources, networks and soft power. All this, though, needs to be underpinned by transformative ideas, in the form of empowering philosophies, embraced across society and embedded into community-level activities and programmes. Catchy mottos that clearly reflect the thrust of transformative programmes can help.

Having set the vision and objectives for the period of up to 2035 or 2040 of a common market for structural transformation, the AfCFTA must get to work. The main challenges along the way will include political and macroeconomic instability, climate change, technology misuse, inequality, exclusion, angst and initial conditions, such as infrastructure constraints and low levels of industrialization, that constitute serious traps and vicious cycles to break out of (Haass, 2020; Boushey, DeLong and Steinbaum, 2017; Stiglitz, 2012). Using a systems approach, with the ethos of education, innovation, experimentation and continuous learning, that leads to scaling, replication and institutionalization, will enable a new brand of Africa to emerge over the next 10 years. The AfCFTA should leave no one and no country behind. The continent is on the move.

This book represents a modest contribution towards achieving the AfCFTA. It points out risks to the effective existence of the trade area. It identifies some of the critical actions needed to achieve the vision of an inclusive, transformative, digital, rules-based, results-based, modern, comprehensive and fit-for-purpose trade area (AfCFTA, 2021) that progressively becomes the African Common Market and a key pillar of the Africa We Want and of the African Economic Community (OAU, 1991).

The book aims to guide and assist implementation of the AfCFTA over the next 10–15 years. It considers key areas and raises issues for attention, indicating possible ways forward. It sets out progress as of the end of 2021 in operationalizing and implementing the AfCFTA, as the baseline, while indicating the developmental challenges and existential threats ahead. It calls for a systems approach for achieving social economic transformation of the continent and for tackling the challenges of low industrialization, poor infrastructure, bad business environment, political and macroeconomic instability, climate change, cyber-crime, inequality and exclusion, and a woeful record of implementation of obligations.

The book has three parts. Part one has five framing chapters: Africa in the world, architecture for Africa's regional integration, two publics, explaining economic integration in Africa and from ratification to implementation. Part two covers the four key areas of energy costs, textiles and clothing, women and youth in trade, and free movement of persons. Part three considers digitalization, technology and innovation, and public health as critical areas going into the next 10 years.

The next 10 years will make or break the AfCFTA, depending on how successfully the deep-seated threats and challenges are addressed; whether good leadership emerges in government, industry, academia and civil society; and inclusively works to promote digitalisation, technology and innovation, public health and other key priorities.

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Summary and Policy Issues

This book aims to guide and assist implementation of the African Continental Free Trade Area (AfCFTA) over the next 10 years. Each chapter considers a key area, raises issues for attention and points to possible ways forward.

The introduction highlights the progress as of the end of 2021 in operationalizing and implementing the AfCFTA, while identifying the developmental challenges and existential threats ahead. It enumerates the main achievements since the entry into force of the AfCFTA Agreement on 20 May 2019: the Secretariat and institutional framework are in place, social and political processes and engagement across Africa and the world have generated high momentum and expectations, a clear vision of the need for a robust African common market has emerged and resources have been mobilized and technical and financial partnerships harnessed across the world.

In the introduction, we call for a systems approach for achieving the socioeconomic transformation of the continent and for tackling the challenges of low industrialization, poor infrastructure, bad business environment, political and macroeconomic instability, climate change, cyber-crime, inequality and exclusion, and a woeful record of implementation of obligations.

The systems approach requires actions at the national, regional, continental and global levels. It involves continuous learning as a pivotal tenet of socioeconomic transformation and improvement. Lessons learned are continuously brought to bear on policy formulation and implementation. A sound technological base is a pre-requisite for economic development and structural transformation. In particular, value addition and diversification will not meaningfully happen without a sound technological base. Learning and a sound technological base provide critical elements of an effective ecosystem for innovation. Another key aspect of a systems approach is adequate funding to implement policies and programmes. Access to finance and the cost of credit are key issues. Access should be inclusive and universal, and the cost of credit should allow for meaningful returns and prosperity in a reasonable time. Financial technology has been instrumental in promoting inclusiveness and competition in financial products, but it requires the necessary infrastructure, especially the ubiquity of smart phones, internet, electricity or at least solar power and basic financial literacy.

It has long been the practice of institutions, whether national, regional or global, to establish issue-specific or spatially specific administrative units to boost efficacy. The principle of subsidiary has been applied for centuries within empires, regional organizations and nation states. The strategy of using regional economic communities (RECs) as building blocs for progressive continental integration, rather than starting with a big-bang continental government, was the master stroke that paved the way for any progress at all on political and economic cooperation in Africa. The initial call for a continental government was not adequately justified or explained in sufficient detail to address key concerns, particularly fears about sovereignty and aggrandisement. Had initial continental plans called for an intergovernmental approach with pooled sovereignty and variable geometry, starting with a core group and allowing for accession, a different trajectory would have evolved. Lessons learned over the years should not be quickly forgotten but should continue to inform continental initiatives.

There is not a single correct development pathway that applies across all situations. Socioeconomic transformation that leads to development will be eclectic, iterative and bottom-up. Let practice inform theory could be a good adage. Having set the vision and objectives for the period of up to 2035 or 2040, the AfCFTA must get down to business. The main challenges to be dealt with along the way include political and macroeconomic instability, climate change, rogue technology, inequality, exclusion, angst, and unfavourable initial conditions such as infrastructure constraints and low levels of industrialization. Using a systems approach, and following an ethos of education, innovation, experimentation and continuous learning leading to scaling, replication and institutionalization will allow a new brand of Africa to emerge over the next 10 years. The continent is on the move, and the AfCFTA should leave no one and no country behind.

The Book has three parts. Part one has five framing chapters: Africa in the world, the architecture for Africa's regional integration, two publics, economic integration, and from ratification to implementation. Part two covers energy costs, textiles and clothing, women and youth in trade, and the free movement of people. Part three considers digitalization, technology and innovation, and public health as critical areas during the next 10 years.

Part one: framing chapters

Chapter 1 on Africa in the world sets out the broad continental and global context in which the AfCFTA will operate. Recognizing that global issues will have impacts on the continent, Africa must remain actively engaged with the rest of the world even as it integrates internally. The aim is to promote positive impacts. The period 2020–2050 will present huge opportunities for humankind, given the continuing advances in the arts and sciences, but, equally, there will be risks that will hurt Africa if they are not effectively addressed. Among such risks will be pandemics and epidemics, climate change, conflicts, rogue technology, inequality, right-wing nationalism and weakening of global rule-books.

At the continental level, implementation of regional integration commitments has fallen short, and new integration initiatives risk not being effectively implemented. These systemic issues require attention. Regional organizations should be fit for purpose and should use inclusive decision-making processes. The chapter argues that the AfCFTA represents an important development in the history of Africa, and while prospects are good, measures could be considered to quickly identify and address global and continental risks. In doing so, Africa could position itself as a “universal Africa” that operates effectively within the international order by contributing constructively to the international agenda, making its voice heard and ensuring that its priorities are represented in implementation roadmaps and outcomes and in periodic reviews meant to address emerging challenges.

Chapter 2 on the architecture for Africa’s regional integration provides historical background and describes the institutional framework for economic integration in Africa. The case for regional integration is framed in terms of improving human welfare through developmental initiatives based on the continent’s strengths, such as its natural resource endowments. Yet despite its considerable natural resources, sustainable development continues to elude Africa. Regional integration offers the most credible strategy for tackling Africa’s development challenges, internal and external, because many of the challenges overwhelm the limited capacities and resources of individual countries. Collective efforts, with dynamic political commitment to integration, can help overcome many daunting challenges.

Deepening regional integration in Africa would require a thorough assessment of integration performance at the national, regional, and continental levels, taking into account new continental and global realities. A key objective must be to expand opportunities for investment that will boost incomes and tap unexploited resources—reducing dependence on the outside world and creating conditions for self-sustained, autonomous development. Such development can come about only by transforming Africa’s production structures.

Understanding the role of cooperation and integration in meeting the challenges of African development also requires going beyond traditional issues to objectives not strictly covered by RECs. Peace and security, the environment and Africa’s global commitments cannot be divorced from the concerns of regional integration. In some parts of Africa, conflicts and instability have stalled regional integration, while in vast parts of the continent malaria and other infectious diseases threaten integration. And globalization poses enormous challenges to Africa’s economic prospects. All these issues need to be included in an assessment of regional integration in Africa.

Chapter 3 on the two publics describes two broad categories of actors—antagonists and protagonists—that are at the heart of the articulation and implementation of continental integration in Africa. These are the *Integracidaire*s and the civic publics. The *Integracidaire*s are those who, through commission or omission, revel in the idea of ensuring that the simple logic of achieving African unity remains locked up in a mystic bubble. However, countering the efforts of the *Integracidaire*s are the civic public, who champion African integration, working to ensure continuing optimism about the prospects for deeper integration despite the many obstacles. The lack of coherence of the efforts of the civic public and, more important, the unwillingness to see them as an important aspect of enhancing continental integration efforts remain a major drawback.

Continental integration suffers from a huge gap between rhetoric and action. Despite the many laws and policies on regional integration, the requisite commitment to implement them remain lacking. The current African Union (AU) reform process provides another opportunity for meaningful progress. However, it will require an overhaul of the ideational approach to continental integration. The obsessive state-centric approach to regional integration—which marginalizes and excludes civil society from the integration process—and the failure to transfer assertive powers to regional organs is not compatible with the aspirational goals of enhanced regional integration.

To redress this, the chapter makes several recommendations. First is to find a regional integration paradigm that fits the African context. As countries and regional institutions respond to changing realities and engage in the trial-and-error game of aligning interests, finding practical and context-related measures for addressing common problems is crucial. One approach is to situate regional integration measures, such as trade and investment, free movement of people, human rights and governance, within a pan-African cultural context. Cultural ideas such as *ubuntu*, *harambee*, *kagisano* and *omoluwabi* contain strong humanistic values that can support the articulation and implementation of integration objectives. Another component of a context-related approach is knowing how to adopt and adapt lessons from elsewhere. Africa does not exist in isolation, and strategies that have worked effectively in Europe, Asia and Latin America could be remodelled to address specific challenges on the continent.

A second recommendation is to address regional problems. Regional institutions suffer from an acute lack of financial and technical capacity to respond to crippling issues of bad governance, conflict and poverty. Any realignment of relations will again require a consideration of the nature of membership and of the readiness of Member States to surrender critical competences to regional institutions. Transferring meaningful powers to regional organs such as the AU Commission and the Pan-African Parliament will require nuanced and strategic measures that look beyond the expectation that all 55 AU Member States must be onboard. A flexible approach may be required that allows willing Member States and RECs to proceed with special arrangements for transferring supranational competence to these organs.

Third is to anchor the integration process to a purposeful and concrete objective rather than to a symbolic or emotional one. This will usher in a business-like and result-driven, approach to African integration. The involvement of the private sector in funding regional integration initiatives, strategic engagement with external partners, skills development for young people and the development of regional growth poles are some of the needed measures.

A fourth recommendation is to strategically deploy Africa's natural resources to fund regional programmes. This will require establishing appropriate tax structures and setting up supranational arrangements for managing such resources.

Last is to channel the various activities of civil society to advance continental integration within the AU process. One way to do this is to agree on a framework for including organized civil society at the national level in dialogue and activities on issues that affect continental integration. To reach a much wider audience, critical integration measures should be communicated in local languages.

Musicians and actors can also be recruited to assist in transmitting these ideas in relatable forms and mobilizing support. The framework should emphasize the imperative of including young people, women, people with disabilities and other vulnerable groups in national dialogues on continental integration. Topics for such dialogues should include funding continental integration, endowing AU institutions with supranational competences, ensuring the free movement of people and promoting and protecting fundamental rights.

Chapter 4 on the reasons, impediments and way forward for regional economic integration in Africa describes current levels of regional economic integration in Africa, outlines constraints and proposes ways forward. It notes that regional integration reflects the clear pragmatism of localizing interventions for greater efficiency and explains regional integration on the continent on the basis of Africa's historical experience. Integration, initially a necessary strategy for freedom and decolonization, is now a means to economic transformation. Many of the challenges to integration are cross-border in nature, and thus amenable to regional approaches.

However, implementation of regional integration programmes has been largely unsatisfactory across the continent. There are many reasons for this, such as low political will, inadequate and colonial-era-oriented infrastructure, high costs of doing business, non-tariff barriers and small economies. Other explanations include inadequate human and financial resources at national and secretariat levels, lack of coordination at the national level among government departments and stakeholders and low awareness and ownership among stakeholders. However, while accurate, such explanations miss the underlying problem of dysfunctional secretariats, which suffer from mismanagement that paralyzes entire regional integration programmes. Other underlying challenges arise from a lack of university courses on the theory and practice of regional integration.

These challenges have attracted attention at regional, national and continental levels. To improve ownership, regional strategic plans have integrated outreach programmes for stakeholder engagement, awareness creation and capacity building. More important, dialogue between the private and public sectors has been encouraged, and private sector institutions have been given a say in decision-making. This input and feedback mechanism assists in focusing regional integration on real issues of concern to stakeholders and beneficiaries and improves relevance.

Strategic plans focus the resources and efforts of an organization on identified priorities for high impact, for periods of 5-10 years. The Common Market for Eastern and Southern Africa (COMESA) focuses in its medium-term strategic plans on trade, customs and

trade facilitation, industry, agriculture, private sector development, infrastructure, information and communication technologies, gender, statistics, resource mobilization and partnerships. The East African Community (EAC) has a best practice of setting a specific stage of market integration and development as an overarching goal for its strategic plans and maintaining that stage as a pillar for continuous implementation. Its successive plans resulted in the customs union in 2005, the common market in 2010 and the monetary union protocol in 2013. The fifth (2016–2021) and sixth (2021–2030) strategic plans have maintained the same development goal of attaining stable, competitive and sustainable lower middle-income status for the region. There also sectoral strategies, for instance the EAC and COMESA industrialization strategies, as well as various continental instruments such as Accelerated Industrial Development for Africa, Programme for Infrastructure Development in Africa and the Action Plan for Boosting Intra-Africa Trade.

Rapid systems for addressing trade disputes, particularly over non-tariff barriers, have been put in place in free trade areas. COMESA, EAC and SADC developed a free online system (<https://www.tradebarriers.com>) that can be used in real time to report and address non-tariff barriers. Various initiatives for leadership training and entrepreneurship are available across Africa, and innovation competitions attract young entrants into industry and help grow economies. Governance programmes seek to improve democracy and the rule of law. Regional organizations, academia and philanthropists actively support these interventions. Private sector institutions and individuals who have stepped forward with resources and time to support continental integration include AfroChampions, Alick Dangote, Tony Elumelo, Mo Ibrahim, Strive Masiyiwa, and Olusegun Obasanjo (Philanthropists in Africa, n.d.).

In addition to medium- and long-term strategic plans, internal and external audit systems and results-based performance have been adopted to improve management of regional organizations, along with merit-based recruitment and performance assessment. Recognizing the urgency of strengthening regional integration organizations, the AU adopted sweeping reforms in 2017 to better focus on efficient management, autonomous financing (through a 0.2 per cent levy on customs duties), quality control of meetings by focusing on a few critical issues, rationalization of the bloated bureaucracy and improved coordination with RECs and other institutions supporting continental integration.

To promote efficiency, reviews are undertaken by independent bodies of regional organizations and the AU. Regional integration organizations annually review programmes, performance and capabilities and plan ahead. These reviews provide opportunities for introspection, retrospection and improvement, as well as nostalgia and reinvigoration.

Much has been done. But much remains to be done.

Chapter 5 on ratification and implementation of the AfCFTA focuses on the need for strategies at the national and REC levels to position countries to make the best use of the free trade area. The UN Economic Commission for Africa has worked closely with AU Member States to assist in preparing these strategies.

The AfCFTA, through the progressive reduction and removal of tariffs and non-tariff barriers, aims to consolidate African economies into a large continental market, enabling realization of the economies of scale businesses need to produce and trade more of what Africa consumes. In examining the critical elements needed to ensure a well-functioning AfCFTA at national, regional and continental levels, the chapter draws on the literature and on the strategy documents of AU Member States in developing and implementing national and regional AfCFTA plans. Realizing the promises of the AfCFTA will not happen overnight. That will require translating the provisions of the AfCFTA Agreement into national and regional frameworks to be implemented without delay. Work to finalize the remaining negotiations on the Agreement needs to be expedited. The critical first step is ratification of the AfCFTA. AU Member States will need support in consensus building to secure ratification of the Agreement. They will need to build on political momentum for designing and applying measures and policy reforms that are within the scope of the Agreement. Also important is to ensure a leading role for the private sector, with the government creating enabling environment within the free trade market.

The chapter argues that effective implementation of the AfCFTA will depend on State Parties' capacity to address the challenges that have prevented other regional integration initiatives in Africa from achieving their full potential. Key issues that must be addressed include trade barriers, harmonization of trade rules and practices across the continent, infrastructure deficiencies and technical capacity gaps. Integrated frameworks at the national, regional and continental levels and more coordinated efforts among the AfCFTA stakeholders are key determinants of its successful implementation.



Part two: examples of critical high-impact areas

After the five framing chapters, **Part Two** turns to concrete areas. The idea is not to cover all the areas that are relevant to the AfCFTA, which would require more than a single volume, but rather to illustrate the need for attention to specific critical areas with high impact. To that end, it looks at energy costs, textiles and clothing, gender and the free movement of people.

Chapter 6 on energy costs and competitiveness analyses the effect of electricity prices on the export performance of the State Parties of the AfCFTA. It demonstrates that the effects of electricity costs vary across industries, based on each industry's energy intensity levels and energy price elasticity of export demand. Arguing that these factors determine the competitiveness of such exports, the chapter laments the fact that these issues are often neglected in conventional trade policy. The chapter emphasizes the importance of policy coherence in making a determination about priority sectors and products for each State Party.

Policy should focus on measures to manage electricity tariffs by targeting appropriate cost elements. Additionally, reprioritizing exports in line with the energy requirements they impose on the economy is key to boosting export competitiveness on the continent.

Several countries have made great progress towards increasing electricity access, including Ethiopia, Ghana, Kenya, Rwanda and Senegal. Despite this, achieving universal energy access and low energy tariffs remains elusive. The main task for policymakers is to address persistently high energy costs, lack of access to electricity and the unreliability of electricity supply, which together raise the cost of production and reduce the competitiveness of exports.

To take full advantage of the positive role of trade in wealth and job creation, policies should give more attention to policy coherence at the national, regional and continental levels. Even more important, that coherence must be built around trade and other important growth poles. A strong case is made for building a more reliable power system with a greater focus on transmission and distribution assets. A key priority is to target investment and maintenance so as to reduce power outages and reduce power losses to reasonable levels. There is also a need to strengthen regulation, expand the capacity to support power pools in Africa and strengthen regional electricity markets.

Policy decisions should aim to scale up electricity sector investments in power generation and grids, areas in which Africa ranks among the lowest in the world. Achieving reliable electricity supply for all is estimated to require a fourfold increase in investment. Mobilizing this level of investment is a heavy undertaking, but it can be done by improving the financial and operational efficiency of utilities and using public funds to more effectively catalyse private capital. Strengthening the pan-African development financing sector is one option for ensuring a sustained flow of long-term financing to energy projects.

In many countries, inadequate electricity infrastructure and deficits in installed capacity are a major cause of electricity unreliability. Under-investment in transmission and distribution assets results in an inability to meet peak load demand. Policies should therefore target increased investment in power systems, combined with improvements in the performance of utilities.

Chapter 7 on the textiles and clothing (T&C) sector provides an overview of the sector in Africa, on trade. The chapter summarizes the main global trends that determine T&C production and trade patterns, particularly the effect of eliminating the Multifibre Agreement in 2005. It also discusses T&C trade performance in Africa, including a brief analysis of the cotton sector. And the chapter provides options for putting the sector on a more dynamic path, including leveraging the continental market through the AfCFTA, and describes the main issues at stake for the ongoing rules of origin negotiations. Finally, it offers some reflections on both the sector's contemporary role in regional development strategies and the need to reconcile conflicting demands and positions related to rules of origin.

In the context of the Fourth Industrial Revolution, technological advances are rapidly impacting T&C production. Clothing manufacture can already be robotized today, but robotization for sewing will probably remain more expensive than manual labour for the next 15–20 years. China's companies are investing heavily in automating all other processes while shifting production to neighbouring Asian countries. Technological advances have also allowed Europe to retain a much larger share of the sector than would have otherwise been the case for high-income economies. It seems reasonable to assume that past precedent is not a good way to develop models of industrial development for the T&C sector. Strategies to boost the sector in Africa need to take into account these rapid technological changes.

Any interventions aimed at raising the competitiveness of Africa's textiles and clothing sector should also create mechanisms to boost production scale. Economies of scale are typically correlated with potential for product competitiveness, and this approach appears to have worked for Asia's textiles and clothing sector. Yet, few major players in Africa dominate the market. The AfCFTA provides a unique opportunity for the continent to scale up its activities in the sector.

A new competitive threat is the international wholesale trade in second-hand garments, estimated at \$5.0 billion in 2019—small compared with the total global clothing trade, Africa is disproportionately represented in the second-hand garment trade, accounting for nearly a third of global imports. An estimated 80 per cent of Africans wear second-hand clothes, most of it imported from the United States, Europe, India and Pakistan. Policies for second-hand clothing are a complex issue, as the ill-fated recent attempt to restrict imports into the EAC recently showed. However, despite global competitive pressures in the sector, South Africa has conserved an important T&C sector and has banned the import of second-hand clothing. Were such a policy adopted more widely on the continent, there would certainly be transition costs that raise the price of clothing for the poorest citizens. But this should not necessarily justify the status quo—effective economic policymaking means taking a long-term view.

Concern is increasing about the large environmental impact of the T&C sector, which accounts for about 10 per cent of global emissions and has a large environmental footprint. For instance, cotton production relies heavily on pesticides. While only 2.4 per cent of the world's arable land is planted with cotton, 24 per cent of the world's insecticides and 11 per cent of pesticides are used to grow it. Cotton is also the most water-intensive crop, with 7,000–29,000 litres of water required to produce just one kilogram of cotton. Sustainability needs to be factored into new policy measures, especially in anticipation of future restrictions arising from environment-related measures taken at the global level.

A recent survey of cotton-related industries in the United Republic of Tanzania, Uganda, Zambia and Zimbabwe found that limited supply of raw material was the root challenge facing cotton by-products businesses. The total quantities of some raw materials, such as linters or hulls, preclude them entirely from commercial-scale ventures. This mirrors the challenge facing the textile and clothing sector, which has largely collapsed in these countries. This finding highlights the need to address cotton production as part of any value-addition strategy, chiefly by reviving incentives for African farmers to grow cotton and promoting upstream linkages. The large amount of cotton being exported from Africa and the large amount of fabric being imported into Africa also highlight the need to address coordination failures and inefficiencies

at the continental level—challenges that can best be addressed within the AfCFTA framework.

Several important considerations of principle come into play on the crucial issue of rules of origin. Excessively strict rules of origin have limited the benefits for African producers from preferential market access schemes such as the US African Growth and Opportunity Act and the EU Everything but Arms initiative. But there is also evidence that strict rules of origin have undermined the competitiveness of regional integration schemes. The compromise of taking a more disaggregated approach to the setting rules of origin may help overcome the impasse in the current negotiations.

In developing a long-term strategy for the T&C sector, realism and pragmatism are needed, especially given the recent trajectory of the global market. There is no escaping the fact that the T&C sector has traditionally been built on exploitative labour force conditions, particularly during the first wave of industrialization in the 19th century, when conditions were best described as “Dickensian.” Nonetheless, the T&C route to industrialization could still be faster way to industrialization, as for the Republic of Korea, Hong Kong Special Administrative Region of China, Taiwan Province of China and Singapore in the 1960s and 1970s, and for China from beginning.

Yet the nature of manufacturing—and the definition of what constitutes manufacturing—has changed in recent decades. For instance, agro-industry is more labour intensive than most traditional manufacturing, such as the T&C sector. In Ethiopia, the total number of workers employed by agribusiness in floriculture in 2012 was already considerably larger than total employment in textile and clothing sector. In Kenya, meanwhile, there were 125,000 workers in the cut-flower sector in 2015, about three times the number in textile and clothing sector.

The T&C sector has never been able to shake its association with highly exploitative production processes. As during the industrial revolution in Europe, the T&C sector is associated with poor working conditions. Despite being revived in the late 1990s, the Zambia–China Mulungushi Textiles company finally closed its factory gates in 2006 after a dispute over national minimum wage legislation, which Chinese management insisted would make the company economically unviable. Tensions have also emerged in Ethiopia over working conditions and low salaries.

Given the technological changes and pressures of the global marketplace, is this a sector where Africa wants to carve out a more substantial niche for itself? Or would it be better to focus on other activities with higher value added that are less susceptible to disruption by global forces beyond its control? These are neither easy questions to answer nor straightforward decisions to make, but in the context of the ongoing AfCFTA implementation, it is crucial that the right strategic choices are taken.

Chapter 8 on gender underscores the critical role of women in the AfCFTA and thus the need to facilitate their effective participation in and use of trade and investment opportunities. Both men and women trading across borders in Africa face trade barriers, but small-scale women traders face disproportionately higher barriers because of informality and gender challenges. Women account for 70–90 per cent of small-scale cross-border traders in the Eastern and Southern Africa region. Increasing women's participation in intra-regional trade in Africa has great potential to contribute to the AfCFTA objectives of inclusiveness, gender equality, socioeconomic and structural transformation of the state parties.

The chapter examines efforts to increase participation in intra-Africa trade among small-scale women-owned businesses and proposes frameworks for boosting women's participation in intra-continental trade under the AfCFTA. The proposals are based on secondary data, a regional and global literature review and a review of global initiatives and of RECs, programmes and other frameworks. The aim is to identify what works in facilitating greater participation of women in intra-Africa trade and areas for learning and scale-up under the AfCFTA. The findings could also inform protocols for gender and youth and implementation under the AfCFTA, in line with Africa's Agenda 2063. The findings will also provide valuable information on areas where development partners can support an engendered approach towards implementing the AfCFTA in African countries.

AfCFTA member states will need take measures to implement programmes that empowerment women to better participate in AfCFTA trade. There is a lot that African countries can learn from each other, from other regional blocs and from the world. Programmes should target the key challenges that have persistently inhibited small-scale women traders from using existing regional trade regimes, which has limited their benefits from such trading arrangements. Notably, programmes will have to address challenges related to trade information, access to trade finance, networks, access to markets, business management and capacities, and the burden of unpaid care work. Most of the programmes enhancing the capacity of small-scale women traders and small and medium enterprises at the regional

and global levels aim to address some of these challenges. The programmes are also supported by development partners. As countries gear up AfCFTA implementation, budgetary support needs to be set aside for programmes that empower small-scale women cross-border traders. There is a need for coordinated learning across the continent for small scale women traders, which will also contribute to creation of trade networks for enhanced markets. Use of information and communications technology comes in handy for creating platforms to connect women in business. The continent can build on learnings and experiences of COMESA's 50 million African women speak programme' and the International Trade Centre's SheTrades initiative. These two programmes could be scaled up to cover all African countries.

To reduce the burden of unpaid care work, African countries need to embrace and prioritize inclusive infrastructure in the context of border infrastructure development. More particularly, and with regards to reducing the childcare burden, such infrastructure should consider providing childcare and health facilities within easy access for women traders. Such facilities would free some businesswomen from unpaid care work and allow them to spend that time in trading. In addition, developing border infrastructure should consider the needs of both women and men who are living with disabilities, to facilitate their participation in intra-regional and intra-continental trade.

On trade finance, providing credit or loan guarantee schemes will go a long way towards providing the much-needed collateral that many women-owned small and medium enterprises are missing and whose lack is the biggest handle in accessing credit. Guarantee schemes should target not only existing small and medium enterprises but also women-owned start-ups, particularly those engaging in international trade. This will provide a path towards enabling women's entrepreneurship.

Chapter 9 on the free movement of people considers a flagship programme under Agenda 2063 that complements the AfCFTA to form a continuum for the African Common Market with free movement of goods, services, people and investment, as well as the right of residence and establishment.

In January 2018, the African Union established the AfCFTA for the free flow of goods and services within Africa. Simultaneously, the AU adopted a protocol supporting the free movement of people between African countries. Both are considered necessary for social and economic development. As of January 2022, 54 countries had signed the AfCFTA, and 42 countries had fully ratified it, whereas 33 countries had signed the Free Movement of Persons Protocol, and 4 countries had fully ratified it. Still, migration barriers within Africa have been falling. The chapter analyses the reasons for the slow adoption of the protocol,

looks at how the free movement agenda is progressing despite that and suggests ways of moving the protocol and its agenda forward.

The reasons for the slow adoption of the Free Movement of Persons Protocol are complex and include concerns about giving up sovereign protections regarding the movement of people in Africa and lack of clarity about the implementation process. The free movement agenda is progressing despite these concerns, suggesting several ways to move the protocol and its agenda forward. These include improving systems for civil registration and identity documentation, exchanging civil and criminal data between states, improving border management systems, strengthening security monitoring systems, enhancing cooperation for the exchange of information on security matters and developing repatriation agreements. It also proposes establishing technical committees at the continental and regional levels to facilitate implementation of the protocol by facilitating conversation among governments and empowering countries to address the preconditions for implementation and the challenges of implementation as a whole.

The free movement agenda is progressing despite concerns about sovereign protections regarding the movement of people in Africa and lack of clarity about the implementation process.



Part three: some key priorities and existential challenges

Part Three of the book then turns to digitalization, technology and innovation and pandemics as key priorities and existential challenges to be addressed over the next 10 years of implementation of the AfCFTA. These areas are illustrative only. The analysis could be extended to other existential threats that need to be addressed if the AfCFTA is to achieve inclusive, high-impact structural transformation of the continent—climate change and the environment, conflicts, cyber-crime, inequality and exclusion, and global angst. Education reforms will also require focused attention in order to bring forward the Africans We Want to build the Africa We Want under Agenda 2063.

Chapter 10 on a digital Africa uses practical examples to underscore the possibilities of digitalization and its vivid impact on the lives of ordinary people when used to solve real problems.

The conventional streams to development are hastily becoming antiquated, thereby increasingly enticing developing countries to look to digital technologies and solutions to leapfrog to success while being mindful of the natural environment and making economic choices harmless to the earth. This brave new digital world—and hence digital Africa—presents a range of opportunities for African countries to create new streams for inclusive growth, especially where digital trading technology platforms become necessary to promote better AfCFTA adaptation and implementation. Digital Africa envisions countries using the latest technologies to solve the toughest development problems, including response to and recovery from pandemics such as COVID-19. About 50 per cent of reports of substandard and falsified medicines that the World Health Organization's Global Alert system receives are from Sub-Saharan Africa, and 80 per cent of these are for essential medicines such as antimalarials and antibiotics.

The missing link for Africa has been research and development (R&D) investment to establish and strengthen centres of excellence and centres of specialization for the requisite human capital development—and consequently industrialization, urbanization and digitalization. Africa's public R&D expenditure as a share of GDP is low, 0.2–0.7 per cent, much lower than in more developed countries, which have much higher gross spending on R&D and thus a strong industrial R&D base, in pharmaceuticals, automobiles, digital and bioscience technologies. The chapter proposes a blueprint for implementing ideas set-out, including direct or indirect investment in science, technology and innovation programmes—for example, through centres of excellence and centres of specialization to

create a vibrant knowledge-based digital economy in line with the continental Science Technology and Innovation Strategy for Africa 2024, whose mission is to accelerate Africa's transition to an innovation-led, knowledge-based economy.

Realizing a digital Africa requires sharing random ideas, thought processes, insights and strategies on how to improve science, technology and innovation infrastructure; building technical competences; promoting an innovation, technology and entrepreneurship (techno-preneurship) culture in Africa; and creating an enabling science, technology and innovation policy environment, inclusive eco-system and score-system (science, technology and innovation performance indicators for Africa, like the African Science Technology and Innovation Indicators). A digital Africa as envisioned here is a transformation that leads to a digital economy ensuring adoption of new online business technologies that promote e-commerce and take full advantage of digital platforms and business registration, especially in marketing and service provision. This in turn improves the ease of doing business, digital financial inclusion and transport innovation, which induces improvements in supply chains, logistics and cross-border business—that is, intra-Africa and international trade routes—to operationalize the AfCFTA Agreement. In addition, local production and regulation of medical devices and equipment are equally a priority because scoping initiatives have identified various benefits of local production, such as ensuring the quality of medicines (pharmaceuticals' value chain in SADC), avoiding stockouts, supporting local incomes and jobs, triggering technology spillovers, addressing new challenges such as non-communicable diseases and helping the sustainability of government medical schemes.

But, as the Shakespearean aphorism says, "All that glitters is not gold." This is true for disruptive technologies. There is always a devil or apple of discord. Digital Africa encapsulated in the digital world, will have users' personal information stored in the cloud, which could allow it to be used to predict users' future behaviour without their consent. This access to private information is a risk factor that users should be aware of. Disruptive innovations could be ignored by market leaders or the AfCFTA because of this risk. In other words, harnessing AfCFTA-enabling technology such as digital technology empowered by blockchain technology, artificial intelligence, next generation batteries, robotics, three-dimensional printing and drone technology and the need to promote African drone and data academies, among others, will enable African countries to easily harmonize intra-continental goods and services trade.

Despite Africa's unfortunate situation with respect to science, technology and innovation and the lack of digitalization, it is redeemable.

Chapter 11 on technology and innovation argues that the Agreement establishing the AfCFTA contains explicit policy measures on technology and innovation and that effective implementation of the AfCFTA will be determined to a considerable extent by strategic investments in the rapid technological change of African economies. The argument is rooted in the view that tradeable products, services and processes are in fact technologies and that trade is highly dependent on technologies embodied in infrastructure, transport and other means of conveyance and communications. The ability of countries to engage in sustainable free trade across the continent depends largely on their technological performance, particularly in creating new products and services, diffusing old and new technologies, and developing human capital.

The technology-trade nexus is complex, however, and often misconceptualized. Technology and innovation policies tend to be viewed in isolation of trade policies. The converse is also true: trade policies tend to be designed in isolation from technology and innovation policies. The success of AfCFTA depends on building technology and trade policy convergences. This, in turn, is about innovation in policy and policy-making—introducing and adopting new ways of designing converging technology and trade policy regimes.

The chapter shows that technology and innovation are vital to the realization of the AfCFTA. Attaining the objectives of the AfCFTA will require investments in multiple forms of technological development and innovation. The AfCFTA Agreement recognizes this and contains provisions related to technology and innovation policy. Implementing these provisions will require leadership in championing technology and innovation and mobilizing African resources for scientific research and technological activities that spur trade and sustainable development

Chapter 12, the final chapter, on the AfCFTA in the age of pandemics highlights the COVID-19 pandemic, showcases some general best practices and Africa's response in the global context and derives lessons that can be institutionalized into effective mechanisms for preventing future pandemics or mitigating their impacts. Africa will need upwards of \$445 billion over 2020–2025 to address the economic damage from COVID, which has disrupted economic and social life across the world. The global response to the pandemic has lacked leadership and coordination and has been characterized by hesitation and doubt, inequity and nationalism, and outright discrimination against developing countries. By January 2022, only 3 per cent of Africa's population had been vaccinated—far below the target of 40 per cent—and only 8 per cent of total vaccines had been administered in Africa. Nevertheless, mortality levels in Africa were much lower than in developed countries.

This was not due to hot weather, a young population or underreporting. Rather, it was the result of a rapid, effective, continental response managed by the Bureau of the Assembly, African Health Ministers, the African Centres for Disease Control and Prevention and dedicated agencies like the Vaccine Acquisition Task Force, as well as initiatives such as the African Medical Supplies Platform, PanaBios for safe travel, and networks of epidemiologists and geneticists who sequenced variants, catalysed science-based responses and fast-tracked vaccine development.

The most important lessons that emerge from experience with COVID-19 and other pandemics are the need for scientific capabilities and innovation through science education, industrialization and adequate pharmaceutical manufacturing capacity on the continent, and public health security based on a new public health order comprising appropriate regulatory frameworks, adequate finances and international and regional rules and bodies for sharing, acquiring and applying inventions and know-how to protect lives. Interventions need to always be in place to ensure appropriate primary and secondary health care so that public health is not compromised.

The AfCFTA, like all trade arrangements, is not an end in itself. It should address the urgent concerns of communities and individuals across the continent. One measure of its success will be how well it empowers countries and communities to deal with the effects of COVID-19 and other pandemics on people's lives and livelihoods. The urgency of the current pandemic may provide an impetus for serious discussions on a topic that does not engage trade negotiators to the extent that it should. For example, in light of the COVID pandemic, it can be said that rules of origin and anti-dumping, countervailing and safeguard measures should not unnecessarily hinder cross-border cooperation and the free movement of pharmaceutical products in managing epidemics. Rather, trade and industrial policies should facilitate and strengthen the cross-border production chains needed for Africa's self-sufficiency in critical supplies including vaccines, therapeutics, diagnostics and other medical products required in public health responses to pandemics and epidemics.

Private sector activities, particularly those of pharmaceutical, biotechnology and clinical research companies, have led to the development of clinical research capacity across the globe through clinical trials and country research. But the fragmented nature of African economies has prevented the continent from benefiting from these private sector initiatives, undermining the capacity of African countries to respond to rapidly spreading pandemics. In addressing these challenges, Africa should position itself as a leader so that it might never again be the case that advanced economies are able to

respond to a crisis with whatever it takes, while African countries are left lagging. Taking advantage of the opportunities available through digital connectedness and advancing the infrastructure and regulatory frameworks for Africa's health sector are imperative for the survival and prosperity of the continent and its people.

To prevent pathogens and disease outbreaks from turning into epidemics and pandemics, there is a need for an overarching, effective institution that responds promptly to disease threats and provides oversight, policy guidance and required actions. This institution should be installed at a high political level, with intergovernmental interactions and the participation of all important actors across the polity, so that it has the required influence. Health authorities like the World Health Organization (WTO) and the Africa Centres for Disease Control and Prevention should have the independence, resources and legal capacity to effectively and swiftly undertake health surveillance across the world and the region. It will need adequate resources, on a secure and predictable basis, so that it can deploy swiftly when needed. Accordingly, a Council on Disease Threats and a Disease Financing Facility have been proposed within the WHO framework. Similar institutions will be required at the African level, given that experience shows that Africa often has to fend for itself in a context of realpolitik and weak international solidarity even on the matter of saving lives.

Epilogue

When all is said and done, it is education that will produce the Africans We Want in great enough numbers to achieve the Africa We Want by bringing the continent to the tipping point for an irreversible socioeconomic transformation through regional economic integration.

Peter Mokaya Tabichi, a 39-year-old science teacher in Pwani village in Nakuru, Kenya, embodies teaching as a passion and service, giving others the opportunity to have a good life. He won the 2019 Global Teacher Award of \$1 million. On a tour to promote the teaching of science in Africa, he opened sessions of the US Congress and the UN General Assembly with the peace prayer of St Francis of Assisi. Education should meet the needs of government, industry and individuals and continuously replenish academia and knowledge generation and management systems. In all this, education should assist us to be the best versions of ourselves, for we each come uniquely wired for enormous potential to positively change the world in all its complexity and diversity.

Across the world, education systems continuously undergo reform in a never-ending search for perfection. Policies for continuous learning and improvement help education systems stay current on universal good practices. Global rankings assist peer comparison. Twinning up

with the best performing schools globally will help learners get the best education on offer in the world. At the same time, the essential beauty of niches and diversity must not be undervalued, for it has the power to enrich the human experience and address specific national and regional needs.

Throughout human existence, advances in the sciences and arts have been greatly assisted and shaped by technological revolutions (Juma, 2016). Education is at the forefront in generating these advances and revolutions, but to retain that influence it must continuously absorb new technologies and capabilities into its content and delivery modes. It is a given that Africa must prioritize science, technology, engineering, art, mathematics and biology in order to build the sound technological bases essential to socioeconomic transformation because this transformation requires the population at large to have the appropriate vocational and technical skills. But this focus must never come at the expense of the meta-skills that underpin the governance of society, universal peace and equitable prosperity that are the foundation of human existence. The great variety of individual endowments has to be recognized, so that both the arts and sciences can flourish.

The most important lessons that emerge from experience with COVID-19 and other pandemics are the need for scientific capabilities and innovation through science education, industrialization and adequate pharmaceutical manufacturing capacity on the continent.

To achieve a “Universal Africa”, Africa must become the Africa We Want of Agenda 2063. But only when we have the Africans We Want shall we have the Africa We Want. We cannot over-emphasize the decisive importance of human capital—in terms of motivation and skills and mettle. From cradle to grave, life should be a learning experience, a person- and character-making adventure. A renewed bond and compact between humankind and nature should be part of this process and the logical outcome of environmental protection activities (Francis of Assisi, 1224). The events and outcomes along the journey of life should enhance the quality of one’s own life and the lives of others. Inspiring people to dream and to take steps to improve their condition is crucially important. Motivation and life-skills training, as well as the comprehensive suite of literacy skills needed in a modern economy, are critical inputs.

A lifetime spent acquiring life skills and capabilities for a decent livelihood is a life well spent. Graduation from vocational and technical institutions and colleges and universities should launch graduates into the world with a dream, a passion and a livelihood skill. Education should have a practical component of innovation and entrepreneurship, which should be incubated in an organic partnership among academia, industry and financial institutions. While individuals know what to do to improve their circumstances and may have the time and physical resources for self-transformation, the tragedy is that many fail to do what it takes and instead waste away their life. The key question here is how to launch such individuals into transformative action, so that they become smarter, faster and better (Duhigg, 2016). Some people are unable to take transformative action because of mental illness, which in its milder but still crippling forms is more prevalent than one might think. Yet once healed, such individuals can launch into action for continuous permanent improvement and attain a happy life (Layard, 2006).

What sort of person, then, do we want our schools and education systems to produce? We can draw on our imagination and sense of what perfection looks like to answer this question. Education should help us grow, expand our knowledge and interests and bring out the best in us. It should start us off on the path to a life-long education. We should discover and fully develop our talents and capabilities. And in doing so, we should strive to make our communities and the world at large ever better. Most of all, education should assist individuals in becoming passionate guardians of creation by having the heart and mind of the Creator.



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1. AFRICA IN THE WORLD

Francis Mangeni

Introduction

A lot must have happened between the publication of Paul Collier's *The Bottom Billion* (Collier, 2008) and Charles Robertson's *The Fastest Billion* (Robertson et al., 2012). Africa moved from being considered a basket case to taking off on an irreversible development trajectory akin to China's in the 1980s and India's in the 1990s. Robertson et al. projected that the combined GDP of Africa would reach \$29 trillion by 2050, equivalent in 2011 to the combined GDP of the United States and the European Union (p. 4). On quality of life and human health, education, corruption, debt, democracy and economic growth, Africa was on an upward trajectory. It was possible to conclude in 2011 that "Africa is now a stable, low-inflation, fast-growth region, the second fastest growing region in the global economy, on course to become the fastest" (Robertson et al., 2012, p. 248).

McKinsey Global Institute produced *Lions on the Move* in 2010 and *Lions on the Move II* in 2016, vividly presenting an Africa poised for rapid development and socio-economic transformation. In 2016, Africa had 400 companies with annual revenue turnover of \$1 billion each, which were growing faster and were more profitable than their peers across the world. Annual consumer and business spending was \$3.9 trillion, and manufacturing output was expected to nearly double, from \$500 billion in 2016 to \$930 billion by 2025. In addition, Africa had a growing middle class, a young population and rapid urbanization (Roxburgh et al., 2010; Bughin et al., 2016). The *New Harvest*, published in 2011, explained that Africa could feed itself and be a global food basket, bolstered with case studies of African success stories and demonstrating the exponential effects of technological adoption (Juma, 2011). This trajectory largely held despite the financial crisis of 2008 and its aftermath, the Arab spring of 2010–2012, commodity price and currency volatility, and rising indebtedness over the decade to 2020.

The African Continental Free Trade Area (AfCFTA) marks the political and economic culmination of this ebullience and is now at the frontline of Africa's continental integration. Negotiations were launched on 15 June 2015 in Sandton, South Africa, and the Agreement was opened for signature on 21 March 2018 at a summit in Kigali, Rwanda, within just two years and about nine months. On that day, 44 governments signed the Agreement on the spot. The Agreement entered into force on 30 May 2019 following 24 ratifications, and by June 2021 it had been ratified by 40 countries.

The Agreement has been welcomed around the world, in extensive media coverage and public statements of support from partners, as representing hope for Africa and even as a panacea for many of its development challenges. The Agreement was applauded for the strong political ownership that drove the speedy negotiations and the entry into force in record time; the expected policy reforms that would arise from implementation and that would improve the business environment and boost intra-Africa trade and investment; the estimated high impact on welfare (for instance, in lifting 30 million people out of extreme poverty by 2035 and boosting the incomes of 68 million people who live on less than \$5.5 a day); its promotion of gender empowerment; and the sheer feat of covering 55 countries, a population of 1.3 billion people and a combined GDP of \$3.4 trillion (World Bank, 2020). In the annals of history, the AfCFTA could be an event that changed Africa (Castleden, 2011).

Possibilities

As Diamandis and Kotler (2012, p. 11) put it, "Imagine a world of nine billion people with clean water, nutritious food, affordable housing, personalized education, top-tier medical care, and non-polluting, ubiquitous energy. Building this world is humanity's grandest challenge." And in their book, appropriately titled, *Abundance—The Future Is Better Than You Think*, they map out exponential technologies in strategic areas and forces providing solutions to this challenge, including the rise of the do-it-yourself innovators, techno-philanthropists and large markets (the rising billion). Transformation and human development at large have been a process of fulfilment of dreamers' dreams. For instance, Lee Kuan Yew (2000) has set out how Singapore moved from third world development status to first world status. He stresses the importance of learning from experience and good practices around the world (a learning approach), zealously building human capital and transformative investment, and mobilizing smart leadership that is channelled through all sectors of society (pp. 686–691). Singapore is considered small and manageable, while China is far bigger, yet, equally, dreamers' dreams have come true as it has become, within a generation, the factory of the world, the world's largest manufacturing economy and exporter of products, through a strong and consistent focus on science, technology and innovation, industrialization, infrastructure, entrepreneurial government and access to large regional and global markets (So and Chu, 2015).

Africa ought always to know where it comes from because we are products of our past, and where it is going because we are not ossified in the past, but rather we create the future through vision and action plans, rigorously implemented at individual, community, national, regional and global levels in the public, private and academic sectors. Learning from history is a good start. What is crucial, though, is to infuse readings of history with all the practical values of our times, such as science, technology, entrepreneurship, economics, integrity, literacy, life skills, complexity and philosophy. Collaborative, interdisciplinary knowledge teams and communities of practice should be brought to bear on the future of Africa, from the standpoint of contemporary opportunities and challenges. For example, notwithstanding the narrow focus of Knowledge and Innovation in Africa, Elahi and de Beer (2013) examined and explained the past, then mapped out scenarios for the future of Africa, suggesting three concurrent pathways: interconnection into the global service-oriented economy; dynamic informalities across societies for collaboration, knowledge-generation and innovation; and re-interpretation of traditional knowledge systems and sustainable management of biological resource riches. As many across the world are saying, “This is now Africa’s moment.” The integration dreams of leaders of the 1950s and 1960s are now vivid reality.

A sense of pride in Africa is re-awakening, from politics to music and art, with high expectations though still susceptible to disappointment if implementation falters and the promise is not timely delivered to sustain the high impetus. If not much happens within the short to medium term, irreparable damage will be done. As Wamkele Keabetswe Mene, the 44-year-old pioneer Secretary General of the AfCFTA repeats often so that no one forgets, this is a once in a lifetime opportunity for Africa—there won’t be another. This statement is as weighty as Julius Caesar’s “the die is cast” (Lowne, 2005, p. 16). Africa must seize this opportunity.

To estimate what Africa could look like by 2040, and what the impact of the AfCFTA could be, extensive modelling by Cilliers (2021) using the international futures modelling platform, holds out immense hope across key metrics on the basis of trends in 2018, with an economic growth rate of 4.7 per cent: health, demographics, agriculture, education, economic growth, poverty and inequality, manufacturing, leapfrogging, trade, security, governance, external support, production structures, employment, climate change and investment. He then models a scenario he calls close the gap, where various additional interventions are put in place to close the gaps in those metrics: “Improved Health, achieving a Demographic Dividend; an African Agricultural Revolution; a Rejuvenation in Education; rolling out Social Grants for Africa; a manufacturing transition through the Made in Africa scenario; Leapfrogging through various technologies; trade integration through the implementation of the African Continental Free Trade Area; a rapid decline in violence and

insecurity by Silencing the Guns; continuing progress as part of a Fourth Wave of Democracy; and gaining from External Support” (Cilliers, 2021, p. 382).

He finds, for instance, that by 2040, under the close the gap scenario, only 8 per cent of the African population will be living in extreme poverty in contrast to 36 per cent in 2021, or 160–315 million against 490 million people in 2021. GDP per capita will increase from \$3,340 to \$5,290 for low-income countries, from \$9,210 to \$13,300 for lower middle-income countries and from \$18,120 to \$22,260 for upper middle-income countries. The African economy will be 2.5 times larger, at \$12.6 trillion instead of \$7.2 trillion under current trends, over the \$3.4 trillion in 2020. Of all the metrics, trade integration under the AfCFTA outpaces the rest, (Cilliers, 2020, chapter 16), though the UN Economic Commission for Africa (ECA) estimates that intra-Africa trade will increase from 15 per cent in 2020 to 26 per cent in 2045 under the AfCFTA (ECA, 2021). The AfCFTA will indeed be transformative, according to these positive estimates, even if they were slightly adjusted downwards.

What is crucial, though, is to infuse readings of history with all the practical values of our times, such as science, technology, entrepreneurship, economics, integrity, literacy, life skills, complexity and philosophy.

Existential threats

Optimism about the future of a more integrated African continent has to be balanced against serious concerns about climate change and other existential threats at the global level, which Africa will have to address jointly with the rest of humankind. In addition, there are significant Africa-level exogenous and endogenous threats to the effective and beneficial operation of the AfCFTA. While existential threats are usually understood to apply globally to humankind, threats to the very existence of a nation or a group of nations, society or community are no less urgent for that entity and have to be decisively addressed. For self-preservation and evolutionary instincts, the nuance of the spatial perspective is utterly critical, bearing in mind also that localized events can rapidly become global in this highly interconnected world—the 2015 Syrian refugee crisis and the COVID-19 pandemic being stark reminders. A failed Africa is bad for the global order, and a peaceful and prosperous Africa is good for humankind, as Africa constitutes a significant growth pole of the global economy.

Following the decision of the Heads of State at a virtual Summit on 5 December 2020, trading under the AfCFTA commenced on 1 January 2021, which was marked by a colourful virtual ceremony jointly organized by the Secretariat and AfroChampions (a continental private sector association). Over the first half of 2021, though, senior technical officials in their various meetings advised that trading could not yet happen, because there were no tariff schedules. Also, rules of origin were required for each product that was in a tariff schedule, yet not all the rules were in place. By mid-2021, 88 per cent of the tariff headings had rules of origin. Rules for textiles and clothing, automotive vehicles and certain agricultural products were yet to be concluded. What this vividly and frighteningly showed was that technical officials could hold back implementation of the AfCFTA notwithstanding clear political decisions by the presidents. This constitutes a major existential threat, if it means that political leaders reached their decisions without technical input or if certain technical officials could indeed delay summit decisions, a fairly huge mismatch between political ambition and technical processes. This is not uncommon and needs to be addressed, through more inclusive decision-making processes. But as a matter of international accountability, as well as predictability required for medium- to long-term planning, the importance of faith in formal, high-level political decisions and pronouncements would require that technical processes accomplish set targets and goals in a timely fashion.

Thus, hardly a year after the supposed commencement of trading, alarm bells were ringing. An analysis by AfroChampions in 2020 showed that fewer than half of African Governments were committed or ready to implement the AfCFTA (AfroChampions, 2020). A survey in 2020–2021 for the East African Community on perceptions among the private sector on the AfCFTA established that a mere 9.9 per cent of enterprises interviewed were conversant enough with the rules and opportunities, and therefore were gearing up to use it, though up to 50 per cent had some working knowledge of it (EAC, 2021).

The COVID-19 pandemic hit at the worst time and dealt a huge shock to Africa. According to the African Development Bank (2021), the African economy contracted 2.1 per cent in 2020, plunging the continent into a recession for the first time in 25 years, and amounting to GDP losses of \$145 to \$190 billion. Thirty million people were driven into extreme poverty in 2020; 39 million more were expected to plunge into extreme poverty in 2021. The debt-GDP ratio rose to unsustainable levels of 70–75 per cent, and a recovery funding gap emerged of \$450 billion over the five years to 2025.

By the second half of 2021, developed countries had recovered to pre-pandemic trade and economic performance levels, largely due to enormous stimulus packages of up to 56.1 per cent of GDP in Japan, 26.5 per cent in the US, 17.8 per cent in the UK and 11.1 per cent in the European Union and rapid advances in vaccination levels towards herd immunity, notwithstanding the new variants (Szmigiera, 2021). The UK hosted Euro 2020 at Wembley stadium with over 60,000 fans and the Wimbledon tennis tournament with 15,000 fans on centre court, both on 11 July 2021, with few face masks and little to no social distancing.

Yet due to vaccine nationalism, only 1.7 per cent of vaccines had been administered in Africa, which has 17 per cent of the global population. And under-resourced African economies could not afford to implement critical stimulus packages at the needed levels, spending on average just 2 per cent of their GDP. Though the African economy was projected to begin to recover, with a GDP growth rate of 3.4 per cent in 2021, prospects remained tenuous in light of low vaccination rates, which would delay the full opening of the African economies (AfDB, 2021). Post-COVID pandemic recovery therefore frames the broad discourse on the African economy for the 2020 to 2030 decade, especially in terms of heightened attention to industrialization and regional value chains in the pharmaceutical and renewable energy sectors, among others; infrastructure and logistics; technology and innovation, including digitalization and the fourth industrial revolution; education

and cultural reforms; inclusiveness and international public health and pandemic preparedness. Through developmental integration that covers large markets, industrialization, infrastructure, political and macroeconomic stability, and sectoral cooperation, the AfCFTA has a pivotal role to play in the recovery and far beyond it, becoming the ethos in Africa's development thinking and practice.

There are various other threats to the AfCFTA that will have to be addressed if its promise is to be realized. The doomsday clock read 100 seconds to midnight on 27 January 2021 (SASB, 2021), the closest humankind has been to annihilation since 1945. The threat of nuclear conflict, environment deterioration and disruptive technology-enabled information warfare and economic attacks pose dangers to humanity and the planet. Underlying these three dangers is the breakdown in cooperation-, science- and law-based approaches in international relations and problem solving, orchestrated by some political leaders. Pandemics, destruction of animal habitats leading to zoonotic spillovers, weakening of international organizations that have provided the bedrock for universal peace, and nationalistic and right-wing leaders striking at the fabric of social cohesion and international cooperation under multilateralism pose significant threats to humankind. Threats to human existence should never be taken lightly. Noam Chomsky has reported some incidents that could have sparked nuclear wars had some individuals not disobeyed the orders (for example, Chomsky, 2016, p. 185)

The African Union timeframe of 2020 for silencing the guns was missed, with hot spots in Libya, the Sahel, Democratic Republic of Congo, Ethiopia, Sudan, Somalia, and Mozambique, and on February 2021, African presidents extended the timeframe to 2030 (AUC, 2021). The Intergovernmental Panel on Climate Change released a report in 2021 warning that the earth's temperature could rise beyond the 1.5 degrees Celsius threshold by 2040 if emissions were not reduced and could exceed 2 degrees by 2060 (IPCC, 2021). Commitments and actions agreed at the Conference of the Parties in 2021 were estimated as only enough to keep the global temperature increase to 1.8 degrees Celsius, leaving the planet at risk. Cybercrime, misinformation and disinformation were increasingly rampant on the internet, causing deaths and economic damage and worsening the deleterious impact of the COVID-19 pandemic (Mecklin, 2021), besides the overall threat of rogue technology. Inequality increased, with the eight richest men in the world owning as much wealth as the poorest half of the global population, contributing to social angst and fuelling the rise of populist right-wing governments (Oxfam, 2017). The scramble for Africa pitched new powers against old and raised revanchism among the old, with high rhetoric reminiscent of the cold war era (Carmody, 2016). Debt levels soared, and macroeconomic instability worsened (AfDB, 2021).

And lack of or slow implementation of regional integration instruments and reforms was the Damocles sword hanging over Africa, despite the celebration of the AfCFTA (Signe, 2017).

If these threats are not contained within the short to medium term, they could harm the good prospects for the AfCFTA. A clear roadmap will be required for decisively addressing these threats. Initiatives will need to target each threat. Overall, though, an iterative public-private-academic-civil society collaboration will be a critical success factor, in accurately identifying and effectively anticipating threats. Institutional frameworks and programs are abundant across the continent, but so are the disconnects between them. Only laser-precise, evidence-based, comprehensive collaborative frameworks based on results-oriented management would be helpful. By nature, and nurture, and through education, Africa has the energetic, motivated and smart people who will be required for the effort. The frameworks should effectively mobilize and deploy them to the task.

International collaboration and solidarity are required to address threats of nuclear and other war, climate change, cyber-crime and rogue technology, and pandemics and other public health threats (Mecklin, 2021). Inequality, poverty and unemployment constitute threats that fuel right wing movements, narrowmindedness and incendiary rhetoric leading to social instability (Stiglitz, 2012). International efforts to keep the Sustainable Development Goals (SDGs) on track are existential priorities. Global and national efforts to promote world happiness are equally existential priorities (Layard, 2006).

Towards existential hope—agency for a universal Africa

Existential threats or risks can be turned into existential hope. New orders have emerged from war and chaos. Corrective action could be the course to take in the face of warnings of existential threats confronting Africa. In this, Africa would have to put its house in order and vigorously engage the world at large to achieve a positive trajectory into the future.

On the basis of a factual world view, humankind has overall been making progress (Rosling, 2018). Post-modernist scepticism about the capacity of humankind to make progress through the application of science, reason and truth—arising in response to the human folly epitomized by the melancholy of the human condition, two world wars in the relatively short period between 1914 and 1945 and an impending climate catastrophe—could be replaced by calls for a better focus of effort and resources on human welfare and inclusiveness, mobilization of international public opinion and strengthening of positive international relations, with agency preferably channelled through agreed international and regional institutions.

Global action, while the optimal response, has been wanting in some critical cases. For instance, eradication of poverty, hunger and illiteracy have been within the reach of humankind's technological and financial resources, yet the needed critical action has been lacking. For instance, by 2020, with barely 10 years left until the target date of 2030, the SDGs were off-track, a trend exacerbated by the COVID-19 pandemic (UN, 2020). This points to the need for additional action at other levels. Regions have often stepped in where global responses were inadequate. The formation of NATO, for instance, supplemented the UN mandate for keeping global peace. The African peace and security architecture too has played a significant peace keeping role in Africa.

A main reason for economic integration in Africa has been that national- and REC-level actors have implemented the commonly agreed vision, objectives, policies, programs and targets. That is how integration is supposed to work, and that is why there is the possibility for review of domestic measures such as non-tariff barriers through online transparency mechanisms and mediation, democracy and governance under the African Peer Review Mechanism.

In regional integration and cooperation, sovereignty, while not ceded, is shared, which should make governments stronger than they would be when acting in isolation; a fact that has been known for centuries (Close, 2021). Rationality of decisions and maximization of benefits and outcomes require cooperation among African governments and stakeholders when dealing with each other and with third countries.

Game theory need not be taken to assume that a government must always pit itself individually against other African and non-African countries, in the absence of AU- and REC-level governments. This interpretation is perhaps more suited to companies or entities acting in cut-throat competition against each other than to governments. A more cooperative world is what is viable in our times (Axelrod, 2006). The approach in Africa has been for governments, not secretariats, to negotiate and act, but from common agreed positions: the Common African Positions.

A point of weakness for Africa, though, has been when strength in numbers and solidarity in priorities have not been applied. The ancient wisdom of united we stand or divided we fall still holds. And the weakness of diminutive, balkanized economies is still true. Unfortunately, it is weak countries that tend to insist more fervently on exclusive sovereignty, while the strong act in concert and multilateralize their interests into global orders. The Westphalia model of the international system has been greatly diminished over the years (Diniz and Junior, 2011), due not just to the globalization underway especially since the 1900s, but also to the emergence of rulemaking and norm-setting intergovernmental organizations and non-state actors, including large industry and cross-border self-regulating associations.

The need is pertinent for a “Universal Africa”, one that acts in concert and is effective in international relations and that shapes the global order by effectively factoring in its interests. The need for cross-border interconnectivity and economies of scale in the infrastructure sector makes a strong case for African governments to work together ever more closely and move in the same direction on the basis of shared priorities, even when national governments act.

Beyond the developing bilateral transactionalism by some individual African countries, there is an existential need for an efficient whole that maps out all interactions with the rest of the world from the African stance. Queuing up to compete in a race to the bottom against other African countries, or accepting long term strategic losses—for instance getting a 10-year stadium or road or railway in exchange for a 100-year concession to an entire belt of minerals or harbour or management contract—is unsatisfactory.

A geostrategy is the organizing logic required for beneficial international relations. The imperative of a Global Africa Policy Framework cannot be over-emphasized, with a Global Strategy and Action Plan that set out clear objectives, activities and the actors responsible for them; targets and indicators; and timelines and periodicity of reviews for

implementation of any corrective measures. All countries are on board because they can see that their national interests are best served within the safety and clout of a common framework.

A key consideration is governments' definition and management of the national interest and whether state capture can be avoided. A balance of the short and long term, the strategic and non-trade priorities is critical, especially beyond the owners of specific industries, however networked and influential they might be. The point is that there is nothing inevitable about outcomes or issues. Choices can be made according to designed priorities.

There is a dimension of leadership in government that needs an enlightened private sector and academia that care about the broader regional issues, the long term and Pan-Africanism and that understand the huge potential of the African market and regional value chains. This vision drove the formation of Afro-Champions: "we support the emergence and success of African economic champions, which have a critical role in integrating African markets and accelerating the transformation of the continent and its global competitiveness" (<https://www.afrochampions.org/>). A number of Africa's partners are not hesitant to display their economic nationalism. While Africa must be for multilateralism, it should equally be for the Africa-We-Want under Agenda 2063 of the African Union—integrated, prosperous, peaceful, sovereign and internationally influential. And if a choice must be made between partners and Africa—which, with clear planning, need not arise in the first place—the option to choose Africa can always be taken as a rule of thumb.

Economic tinkering to maintain a false equilibrium, while ignoring fundamental disequilibria (characterized by nefarious orders such as slavery, colonialism, unfair terms of trade, peripheral, un-industrialized economies reduced to being suppliers of low value unprocessed raw materials and importers of high-value, high technology-content products) and systemic injustices, inevitably result in rejection of the status quo and revolt. Agency and leadership are required to formulate a vision, map out a road map and set out a narrative around which to mobilize through social-political processes. This human element is dependent on a combination of factors, such as existential crises out of which leaders emerge, their organizational faculties, application of a systems approach, and agreement among all relevant actors (Mangeni and Juma, 2018).

In short, humans strive innately to create order out of disorder as self-actualization. We seek freedom and liberation from things that dehumanize us, but we need leaders and mobilization. The past lies beyond our reach, but the future opens up vast opportunities to be seized. What we do is shaped by our vision of the future. This, then, is

the time for leadership. The time for a narrative around which to rally individual countries and Africa at large, to reject impositions that would aggravate the disequilibrium between a de-industrialized Africa and politics that would perpetuate this status quo. The industrialization programs of Africa are rooted in developmental integration and Agenda 2063, in an equitable global order. They should be the premise for the priorities of individual countries. The arrow of time is relentless and moves only in one direction—forward.

Africa is in the world

Given the hyper-geopolitics of the 2020s, it is vital to stress that Africa does not seek autarchy, and its vision is to be a constructive member of the global community within international institutions, in bilateral relations and in non-state sectors. Africa exists in the world, and its destiny is intrinsically tied to the fate of the planet. A key strategic orientation is to imagine, and operate as, a universal Africa. This means an internally strong Africa that has effective diplomatic agency throughout the world. It means that global priorities must contain Africa's priorities and the solutions must be adequate for Africa. It also means that Africa must contribute solutions to global challenges and threats to human civilization and existence. While Africa's problems may require global solutions, many of them can and have been addressed within Africa. But the problems of the world are eventually also Africa's problems, due to globalization and human physiological similarities across the world.

To be internally strong, African regional organizations, as stewards of regional integration, ought to be well-managed, well-resourced and fit for purpose. It is estimated that African regional integration organizations spend up to 90 per cent of the time in their statutory meetings addressing audit-related issues, as some ministers have desperately complained. Distrust, tension and outright animosity can develop between the secretariats of regional organizations and member governments and development partners. Furthermore, regional organizations are notoriously under-funded. Arrears from member States tend to be significant, with the programs and the organizations largely sustained by contributions from development partners. Without the required financial resources, regional organizations lack the wherewithal to function effectively. They tend also to be under-staffed, again because of limited financial resources. Mismanaged and under-resourced, regional organizations can hardly be expected to fulfil their purpose. There is also the fundamental matter of a mismatch between

the current priorities of member States and those of regional programs. Without a proper interface, governments, in pursuing their day-to-day priorities, will not find much relevance in regional organizations. The resultant lack of interest can transform the organizations into dormant relics.

Furthermore, to be internally strong, African regional organizations ought to implement all of the 15 flagship projects under Agenda 2063 fully and whole-heartedly, for the Africa We Want. These 15 projects set out key strategic interventions for Africa's transformation in the seven following areas (AUC, 2015):

- Trade and investment: African Continental Free Trade Area, African Passport and Free Movement of People, and the African Commodities Strategy.
- Infrastructure: Integrated High Speed Train, Grand Inga Dam, and the Single African Air Transport Market.
- The knowledge economy: Annual African Economic Forum, Pan African e-Network, African Virtual and e-University, and Cyber Security.
- The African cultural renaissance: Great African Museum and Encyclopaedia Africana.
- Peace and security: Silencing the Guns by 2020 (the African Union Assembly has extended the timeframe to 2030).
- Resource mobilization and macroeconomic stability through African financial institutions.
- Outer space strategy.

In addition to being internally strong, Africa ought to be actively present in international organizations in which it should be fully heard and actively contribute to outcomes so that they fully take into account and carry its priorities. And to be heard and influential, Africa must have something to say. International organizations have been a platform for setting the global agenda and shaping the direction of human advancement. These include the United Nations and its agencies, the Bretton Woods institutions (GATT/ World Trade Organization, World Bank Group and the International Monetary Fund), and a plethora of clubs such as NATO, G7, G20 and BRICS (Brazil, Russia, India, China and South Africa). Africa actively participated in designing the UN Agenda 2030 and the SDGs, adopted in 2015, through rigorous preparatory work and common positions. Africa drew on its Agenda 2063, adopted in 2013, and on technical expertise from institutions and individuals around the world. Organized as a group, Africa struck alliances with other groups and countries in advancing and defending robust positions and documents that shaped the final outcomes. Such diplomatic agency

ought to be carried into all relevant organizations that impinge on human advancement.

Africa has a stake in creating and maintaining a peaceful, humane and just global order and ought to fully engage in bringing it about. Africa ought to be a foremost defender of the health of a vibrant and sustainable green planet teeming with biodiversity. In space exploration, Africa ought to have a meaningful role and to seek due accommodation. History shows that marginalization from knowledge centres can be catastrophic. Japan and China understood this only too well, and from the 1960s to 1980s rapidly caught up with the best advances in the arts and sciences through clear and deliberate policy interventions, such as building sound technological bases. Having been marginalized out of past industrial revolutions, going forward, Africa cannot afford to be isolated and left behind. Africa needs to harness and deploy all available global knowledge, through cooperation, education, science diplomacy and a sound domestic technological base. A universal Africa is an existential priority.

Conclusion

The period 2020 to 2050 will present huge opportunities for humankind, given the continuing advances in the arts and sciences, but equally there will be risks that could adversely affect Africa if not effectively addressed. Among such risks are climate change, wars, rogue technology, inequality, right-wing nationalism and weakening of global rulebooks. At the continental level, implementation of regional integration commitments has left much to be desired. New integration initiatives face the risk of not being effectively implemented. Attention to this systemic issue is in order. Regional organizations should be fit for purpose, and inclusive decision-making processes should be used.

This chapter has argued that the AfCFTA represents an important development in the history of Africa, and while prospects are good, measures could be considered to ensure that global and continental risks are quickly identified and addressed. In doing so, Africa could position itself as a "Universal Africa" that operates effectively in the international order by constructively contributing to the agenda, being heard and with its priorities reflected in outcomes and implementation roadmaps, as well as in periodic reviews addressing emerging challenges.



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2. AFRICA'S REGIONAL INTEGRATION ARCHITECTURE

Joseph Atta-Mensah

Introduction

Since the inception of the Organization of Africa Unity and now the African Union (AU), African leaders have focused on the promotion of regional cooperation and integration in Africa. This is because the leadership of the African continent strongly believes that, through the strategies, policies, programmes and activities of regional integration, the 55 fragmented economies on the continent could be integrated into one strong, robust, diversified and resilient economy, supported by a first-class trans-boundary infrastructure; highly educated, flexible and mobile workforce; financial capital that is highly mobile; sound health facilities and peace and security. The leadership of Africa continues to stress that the spirit of ownership and self-belief of national development policies, which gives sufficient policy space to Member States to design strategies that address their specific needs with a view of ending aid dependency over time, must underpin the process of achieving these lofty goals.

The need for integration of the continent is stronger than ever if African countries are to overcome the constraints of marginalization in the global marketplace.² With a few exceptions, most African countries are small and their economies are poorly developed. Moreover, most of the economies on the continent are agrarian and not well diversified. Furthermore, the level of trade between African countries is low. That is why the AU believes that integration of the markets in Africa is imperative, so that its Member States can overcome the constraints arising from their small domestic markets and reap the benefits of economies of scale, stronger competition and increased domestic and foreign investment.

The imperative of deepening integration of our continent is also very strong because many of our countries face numerous common challenges that need to be tackled by collective efforts. These problems include marginalization of the region in international trade, weak infrastructure and weak performance of macroeconomic policies, as well as regional commons issues such as the environment and natural resources utilization. In addition, many African countries are low income. Water resources from important water bodies such as the Nile, the Great Lakes and Lake Victoria are common to many countries and therefore need to be managed in a collective and concerted manner so to ensure their sustainability. Additionally, 16 countries are landlocked and therefore face high transport costs and unique difficulties, which can be resolved through improved regional cooperation or integration.

The current quality of Africa's infrastructure is also an impediment to improved intra-African trade. Africa needs safe, reliable, efficient, affordable and sustainable infrastructure systems to support economic activities and to provide basic social services, especially for the poor. That is why the AU Commission, in collaboration with the UN Economic Commission for Africa, the African Development Bank, and the regional economic communities (RECs), continues, through the continental framework of the Programme of Infrastructure Development for Africa (PIDA), to engage in programmes and activities to promote transport infrastructure and services. These institutions also continue to advocate for maintaining and rehabilitating existing roads, expanding road network to isolated areas, improving railways network, replacing obsolete and inappropriate equipment at ports, developing more dry ports to serve both landlocked countries and interior areas of coastal countries and increasing air transport connectivity on the continent.

Sustainable management of Africa's vast natural resources is also a major concern. Resource management requires regional cooperation and integration among countries. Therefore, there is a need for the pan-African institutions, the RECs and intergovernmental organizations to work closely in designing policies and programmes for resource management. River basin organizations and regional power pools are being used to manage shared water resources and energy.

Scientific evidence clearly shows that, because of greenhouse emissions, the global climate is changing. Poor developing countries, including those in Africa, are at most risk because they are more dependent on agriculture, more vulnerable to coastal and water resource changes and have less financial, technical and institutional capacity for adaptation. Furthermore, some of our African countries are in the Sahel Zone and are threatened by desertification, as the desert continues to push its way south. In response to the threats, Member States of the AU are designing a comprehensive Action Plan on how to mitigate and adapt to climate change.

The next three sections focus, respectively, on the evolution of regional integration in Africa, on historic markers of Africa's integration process and on Agenda 2063.

Evolution of regional integration in Africa

Africa has a colourful and rich history of integration. Many of the African leaders at the time of independence re-energized the spirit of Pan-Africanism. President Kwame Nkrumah of Ghana indicated at the time of Ghana's independence that Africa must unite and that the independence of Ghana was meaningless unless it was linked to the liberation and unification of the entire continent.

The politics of the Cold War in the early 1960s had a significant bearing on Africa's integration agenda by dividing the continent into two camps: the "Casablanca bloc" and the "Monrovia bloc." The Casablanca bloc was sympathetic to the Eastern ideology and wished for a faster pace at unifying the continent.³ The Monrovia bloc espoused the ideas of the West and advocated for independence within existing boundaries. In a bid to prevent the division of the continent, Emperor Haile Selassie of Ethiopia, President Nkrumah and other prominent African leaders formed the Organization of African Unity (OAU) as a compromise of the ideals of the two blocs. The OAU, which was launched in Addis Ababa in May 1963, focused mainly on promotion of the unity and solidarity of African states. The OAU immediately set up the Africa Liberation Committee to promote Pan-African cooperation and assist in the liberation of countries still under colonial or racist domination.

The existence of a common external political threat was a powerful impulse towards regionalism in both Europe and East Asia. In Southern Africa, the common threat of apartheid South Africa in the 1970s and 1980s pushed the independent countries in Southern Africa towards economic and political cooperation, notably in the creation of the Southern African Development Co-ordination Conference (SADCC). However, with the advent of democracy in South Africa, that threat disappeared. Threats to the security and stability of the African continent come largely from within individual countries. Moreover, those threats are often associated with poor governance rather than attempts to destabilize effective governments.

Until recently, political demoralization was strong across the continent, and confidence in political institutions and political leaders was lacking. In recent years, leadership of the continent has rekindled the sense of an African personality with the transformation of the OAU into the AU. The OAU/AU is one of the few regional organizations in the world that manages to hold annual summits and a permanent representative council of ambassadors who are busily occupied in formulating proposals or negotiating decisions for the summits.

The AU summits have reached important landmark decisions that have advanced the integration agenda of the continent. The AU can also boast of a body of African charters and conventions, as well as a confident and vibrant African Commission on Human and People's Rights and a Pan-African Parliament.

The current quality of Africa's infrastructure is also an impediment to improved intra-African trade. Africa needs safe, reliable, efficient, affordable and sustainable infrastructure systems to support economic activities and to provide basic social services, especially for the poor.

The imperatives of regional integration in Africa

Regional integration remains a viable strategy for the development of the African continent. A regional integration arrangement is a preferential (and usually reciprocal) agreement (or mechanism or scheme) among a group or groups of countries involving the reduction of barriers to economic and non-economic transactions or interactions (Balassa, 1961). Such arrangements can take a variety of forms, which are primarily differentiated by how discrimination is applied to non-members and by the depth and breadth of integration stipulated (see box 2.1).⁴

Box 2.1 Types of regional integration arrangements

Regional integration arrangements take a variety of forms:

Preferential trade area (PTA): Members apply lower tariffs to imports produced by other members than to imports produced by non-members. Members determine their own tariffs on imports from non-members.

Free trade area (FTA): No tariffs on imports from other members. Members determine their own tariffs on imports from non-members.

Customs union: Like a free trade area except that members must impose common tariffs on non-members. Members may also cede sovereignty to a single customs administration.

Common market: A customs union that also allows free movement of factors of production (capital and labour) across national borders within the integration area.

Economic union: A common market with unified monetary and fiscal policies, including a common currency.

Political union: The ultimate stage of integration, whereby members become a single nation. National governments cede sovereignty over economic and social policies to a supranational authority, establishing common institutions and judicial and legislative processes—including a common parliament.

Regional integration arrangements differ in the discretion they allow members in setting policies—particularly commercial policies—towards non-members.⁵ For instance, some arrangements grant members discretion in setting commercial policies (preferential or free trade areas), while others set common commercial policies (customs unions). Such arrangements also vary in the depth of their integration, ranging from preferential tariff reductions for members (preferential or free trade areas) and synchronization of product standards to harmonization of tax and investment codes (common markets and economic unions). The breadth of activities covered by regional integration arrangements is a third source of diversity, with some restricted to trade in goods and others extending to trade in services and factor mobility.

Benefits of regional integration

The challenge of tackling the host of economic and social problems facing individual African countries is deep and multi-faceted and cuts across national boundaries. Consequently, solutions also require sub-regional, regional and continental strategies. That is why the need for the integration of the continent is stronger than ever. What many Africans aspire to is that the 55 fragmented economies on the continent become integrated into one strong, robust, diversified and resilient economy, supported by first-class, trans-boundary infrastructure; highly educated, flexible and mobile workforce; highly mobile financial capital; sound health facilities and peace and security. Deeper economic integration could make Africa more competitive and a major player in the global market place (Fofack, 2018). Economic integration of the continent has therefore become a major priority of the governments and people of many African countries.

Regional integration and cooperation can help overcome some of the problems facing African economies. There are several benefits to be gained from deeper forms of integration, including:

- **Creating a common market:** By combining markets, regional integration arrangements can help African countries overcome constraints arising from their small domestic markets—allowing them to reap the benefits of scale economies, stronger competition and increased domestic and foreign investment. Such benefits can raise productivity from its current low levels and enable diversification of production and exports.
- **Increasing the bargaining power of African countries:** The small size of many African countries makes cooperation in international negotiations through regional integration arrangements an attractive option. In some cases, cooperation may increase countries' bargaining power; in most cases, it will increase their visibility. If countries can negotiate more effectively, they will achieve better deals.
- **Pooling resources:** Some of the similarities and differences of African countries could make regional integration and cooperation beneficial. Many African countries share common resources, such as rivers, and common problems, such as communicable diseases and low agricultural productivity. But African countries also exhibit important differences, particularly in their endowments. Though most have limited resources, some have well-trained workers, some are rich in oil, some have water resources well suited for hydroelectric generation and some have excellent academic institutions and improving research and development capacity. By pooling their resources and exploiting their varying comparative advantages, African countries can devise common solutions and achieve more efficient resource use and better overall outcomes.
- **Providing a framework for coordination:** For many African countries, regional integration can make reforms deeper and irreversible. Regional integration arrangements can provide a framework for coordinating policies and regulations, help ensure compliance and provide a mechanism of collective restraint.
- **Conflict prevention:** Regional integration arrangements can help prevent and resolve conflicts by strengthening economic links among African countries and by including and enforcing rules on conflict resolution. In a continent where political instability and conflict remain major problems, the potential importance of this role cannot be overstated.

It should be pointed out that the benefits of regional integration are not automatic. A number of lessons are from regional integration experience are relevant for African countries. First, regional integration is just one of several instruments that can accelerate the sustainable economic development of the continent. For effectiveness, integration must be a component of an overall development strategy of the continent, not a substitute for such a strategy. This implies that countries should use regional integration arrangements to address problems for which such arrangements have a comparative advantage over other means. In addition to regional integration initiatives, it is very important that African countries also implement domestic policies and build domestic institutions aimed at promoting growth, macroeconomic stability and poverty reduction.

Second, the nature and magnitude of the potential benefits of regional integration depend on the type of integration arrangement. Before forming or joining a regional integration arrangement, African countries should answer a set of policy questions: Who should be members of the arrangement? Should members adopt common commercial policies—for example, a common external tariff towards non-members? And how deep and wide should integration be? Answering these questions helps clarify expectations for an integration arrangement and helps determine whether it is consistent with the needs and objectives of prospective members.

Third, realizing the potential benefits from regional integration requires strong and sustained commitment from each member country. Leaders should view these arrangements as more than good “sound bite” economics and politics and dedicate the time and effort required to make them work.

Fourth, regional integration arrangements can create winners and losers among their members. Thus, it is essential that members realistically assess the potential benefits and costs of regional integration in order to devise strategies for boosting gains and minimizing losses. Such strategies should include a transparent, equitable, rules-based system for sharing gains and resolving disputes.

Historic landmarks of Africa's integration process⁶

To inform ongoing efforts on integration of Africa, it is useful to look back on various initiatives taken so far by African leaders to accelerate economic and political integration on the continent. The first subsection below looks at the achievements in the in the 1970s and 1980s, which include the Monrovia Symposium Preparatory Meetings, the Lagos Plan of Action, the Final Act of Lagos and the Abuja Treaty. The second sub-section focuses on the achievements in the 1990s and beyond, including the Sirte Declaration, the Constitutive Act of the AU, and the New Partnership for Africa's Development. The third subsection considers the role of RECs as building blocks of integration, and the final subsection considers the challenges of regional integration.

The 1970s and 1980s

In a bid to tackle the challenges of political, social and economic development, the OAU organized a number of high level meetings in the 1970s and 1980s. Prominent among them are the Monrovia Conference (1979), the Lagos Plan of Action and the Final Act of Lagos (1980), and the Abuja Treaty establishing the African Economic Community (AEC).

The Monrovia Declaration

In July 1979, the Summit of the OAU Heads of State and Government adopted The Monrovia Declaration. A precursor to the Lagos Plan of Action, the declaration provides guidelines for Member States and concrete measures to be taken at the national, sub-regional and continental levels for the creation of a "New Economic Order" for Africa on the principles of self-sufficiency and economic and social development.

A series of high-level meetings preceded the Monrovia Summit. Some of these meeting emphasized regional integration as a strategy for Africa to overcome the challenges of under-development and poverty that harm so many of its citizens. In commemoration of its 10th anniversary, the OAU Summit in Addis Ababa announced a declaration that called on Member States to take significant measures to attain sustainable economic growth and self-sufficiency. The Eleventh Extraordinary Session of the OAU Council of Ministers, held in Kinshasa, Democratic Republic of the Congo, in December 1976 announced the Kinshasa Declaration calling for the free ownership and control of natural resources by African countries and the establishment of an African common market, the African Energy Commission and the African Economic Community within 15–20 years.

In the same year, and also in Kinshasa, the fourth Ministerial Conference of the UN Economic Commission for Africa adopted "the Revised Master Plan for a New International Economic Order in Africa." The plan provided a framework for the engagement of Africa in the global marketplace and laid out guidelines for the countries to be autonomous and self-reliant. The OAU Summit in July 1977, held in Libreville, Gabon, adopted the Kinshasa Declaration and Revised Master Plan.

In 1979, given the slow pace of implementation of the Declarations of the Summits, the OAU organized a brainstorming symposium in Monrovia in February 1979 with the theme "Prospects for Africa's Development and Growth by the year 2000." The aim of the symposium was to evaluate the growth performance of African countries and prescribe remedies for addressing challenges. The Fifth Meeting of the ECAs conference of African Ministers, held in Rabat, Morocco, in March 1979, released the African Development Strategy. The OAU Summit held in Monrovia in July 1979 later adopted the ECA strategy as part of the Monrovia Declaration.

The Lagos Plan of Action and Final Act of Lagos

The Monrovia Summit was followed up by an extraordinary Summit of the OAU in April 1980, in Lagos, devoted exclusively to economic issues.⁷ The summit adopted the Lagos Plan of Action (LPA) and Final Act of Lagos (FAL), which sought to provide a framework for implementation of the Monrovia Declaration for the economic development of Africa. Both the LPA and FAL laid out the principles, objectives, stages, measures and priorities for achieving individual autonomy and collective self-sufficiency, as well as establishing the AEC.

With the Declaration of the LPA, the leadership of the continent set the stage for the creation of the AEC, which would ensure the economic, cultural and social integration of Africa. Based on the LPA and the FAL, Africa adopted a development pattern based on the principle of individual autonomy and collective self-sufficiency. The main focus of the LPA was:

- social and cultural values.

The time frame and stages for implementation of the LPA and FAL were as follows:

- **1980–1985:** The preparation and development of the draft treaty establishing the AEC, creation of necessary national and sub-regional institutions, mobilization of financial and human resources and awareness-building campaign among African people through seminars and symposia and dissemination of the LPA.

- **1980–1990:** Strengthening existing RECs and creating new ones in order to cover the five regions of the OAU and promoting the coordination and harmonization of activities and programmes of the existing and future RECs with a view to gradually establishing the African Common Market, as a prelude to establishment of the AEC.
- **1980–2000:** Setting the foundation for the AEC by integrating sectors and harmonizing the development strategies, policies and plans of Member States.

The Abuja Treaty establishing the African Economic Community

One of the requirements of the LPA was to prepare a treaty to establish the AEC. The Abuja Treaty was adopted by the OAU Summit in 1991. A large majority of state (49 of the then 51 states) signed the Treaty, committing the continent to a path of economic integration. The Treaty entered into force on 12 May 1994.

The Abuja Treaty lays down a timetable for the full economic integration of the entire continent. Under the framework of the Treaty, Africa would become an economic union by 2027, with a common currency, full mobility of the factors of production and free trade among the 53 countries on the continent. To achieve this vision, the Treaty suggests that creation of AEC be carried out over a period of 34 years (1994–2027), in six stages:

1. **The first three stages** (1994–2016) of integration were expected to take 23 years to establish free trade areas and custom unions at the regional level. The first stage (1994–1999) called for strengthening existing RECs and, if necessary, creating new ones. Although not explicitly stated in the Treaty, the strengthening of the RECs could include mergers and consolidations, provided these actions led to convergent integration.



2. **The second stage** (1999–2007) called for three plans of action. First, Member States were asked to stabilize existing tariff and non-tariff barriers, customs duties and internal taxes through the RECs. Studies were to be undertaken to inform the RECs of a timetable for the gradual removal of barriers to intra-REC trade and the introduction of common external tariffs. Second, Member States were expected to strengthen sectoral integration at the regional and continental levels in areas such as trade, agriculture, transport, money and finance. Third, RECs were expected to coordinate and harmonize their activities.
3. **The third stage** (2007–2016), expected to take no more than 10 years, called for the creation of free trade areas and customs unions at the level of the RECs. At this stage, Member States were expected to gradually eliminate internal tariffs and non-tariff barriers on intra-REC trade and to adopt common external tariffs.
4. **The fourth stage** (2017–2018), which was to build on the first three stages, was intended to concentrate on coordinating and harmonizing tariff and non-tariff barriers among RECs. Had it been followed on time, Africa would today be a customs union, with a common external tariff. Although the Treaty does not spell it out, the fourth stage sets the foundation for a customs union at the AEC level.
5. A common market (the AEC) was to be established at the **fifth stage** (2019–2022), through three steps: the adoption of a common policy for all sectors of the economy; continent-wide harmonization of monetary, financial and fiscal policies and; the free mobility of factors (capital and labour) of production, including the rights of residence and establishment.
6. **The sixth and final stage** (2023–2027) of the Treaty called for the establishment of the AEC and was expected to take no more than five years. Creation of AEC was expected to start with the consolidation and strengthening of the African Common Market. At this stage, Africans would be free to reside in any part of the continent. In addition, there would be a single domestic market, with no restrictions on the movement of capital, goods and services as all sectors of the continent become fully integrated. All these factors would culminate in the creation of a Pan-African Economic and Monetary Union with a single currency for the continent. A common African central bank would be created to manage and preserve the value of the single currency and conduct monetary policy for the entire continent. The final plan of action at this phase is the establishment of a Pan-African Parliament, with members elected through continental universal suffrage.

Based on the timetable of the Abuja Treaty, Africa should be at the fifth stage and finalizing the establishment of a common market, through the free mobility of factors of production. The continent should have adopted a common policy for all sectors of the economy as well as a continent-wide harmonization of monetary, financial and fiscal policies. A number of challenges have delayed the timetable for creation of the AEC, including the financing gap for the development agenda of the continent, huge debt overhangs of African countries and economic and political governance matters. To address the challenges, the OAU transformed itself into the AU in the early 2000s and introduced the New Partnership for Africa's Development (NEPAD).

The 1990s and beyond

Africa faced multiple challenges in the 1980s, including the negative impacts of the structural adjustment programme imposed on it by the Bretton Woods Institutions, its marginalization in the global market place and its massive external debt load. To address these challenges and others, the leadership of the continent undertook several measures including the Sirte Declaration, transformation of the OAU into the AU and establishment of NEPAD.

The Sirte Declaration

The Sirte Declaration of 9 September 1999, made at the Fourth Extraordinary Session of the OAU in Sirte, Libya, laid out the following goals:

- Establish the AU, in accordance with the Charter of the OAU and the tenets of the Abuja Treaty establishing the AEC, by mandating that the Council of Ministers draw up the Constitutive Act of the African Union.
- Accelerate implementation of the Abuja Treaty establishing the AEC by shortening the timetable for implementation of the Treaty; creating all the institutions provided for in the Treaty, such as the African Central Bank, the African Monetary Union, the Court of Justice and the Pan-African Parliament; and strengthening and consolidating the RECs as pillars to support continental union.
- Mandate that President Abdelaziz Bouteflika of Algeria and President Thabo Mbeki of South Africa explore with Africa's creditors the possibilities of securing the total cancellation of Africa's debt.
- Convene, as soon as possible, an African Ministerial Conference on security, stability, development and cooperation on the continent.

The Constitutive Act and the establishment of the African Union

The AU was born in Durban, South Africa, in July 2002, after a series of Summits and Ministerial Meetings (see box 2.2). The Constitutive Act entered into force on 26 May 2001.

Box 2.2 Roadmap to the creation of the African Union

A series of OAU Summits and Ministerial Meetings prepare the transformation of the OAU into the African Union (AU), beginning in 1999:

Sirte (9.9.99): OAU Special Summit

- Libyan proposal for a federal United States of Africa with Pan-African Parliament to be established in accordance with the model of the US Congress.
- Sirte Declaration on the establishment of the AU.

Abuja (May 2000): first African Ministerial Meeting of the Conference on Security, Stability, Development and Cooperation in Africa (CSSDCA)

- African leaders called on to implement the Sirte Declaration and establish the AU and the Pan-African Parliament and accelerate implementation of the Abuja Treaty establishing the AEC.

Tripoli (June 2000): Ministerial Conference on Establishment of the African Union

- Clarification of the relationship between the OAU, AU, AEC and Pan-African Parliament.
- Finalization of draft documents for the Lomé Summit.

Lomé (11 July 2000): 36th OAU Summit

- Constitutive Act of the AU adopted.
- CSSDCA Solemn Declaration approved.
- Second Extraordinary Summit held in Sirte in 2001—Amendments to the Constitutive Act.
- Entry into force of the Constitutive Act (26 May 2001) one month after it was ratified by the 36th Member State (Proclamation in Abuja, Nigeria).

Lusaka (July 2001): 37th OAU Summit

- Secretariat asked to prepare the launch of the AU and present proposals to that end to the Durban Summit.
- Year from Lusaka to Durban Summits designated as a transition year.
- NEPAD adopted.

Durban (July 2002): 38th and last OAU Summit and first Summit of the African Union

- OAU disbanded, and AU formally established in its place.
- First year designated an interim year to allow the new Interim Commissioners to finalize proposals for the structure and financing of the new Commission and on modalities for election of new Commissioners.
- Issued a NEPAD Declaration on Democratic, Political, Economic and Corporate Good Governance.

Maputo (July 2003): second AU Summit with the following major results

- Election of Members of the Commission for a first four-year term of office.
- Approval of AU budget and financing proposals.
- Approval of the structure of the AU Commission and plans for launching other AU institutions.
- Adoption of a Declaration on Integration of NEPAD into the AU

Source: Various ECA and AU documents.

Among the main objectives of the Constitutive Act are:

- Achieve greater unity and solidarity among African countries and among the African people.
- Defend the sovereignty, territorial integrity and independence of Member States.
- Accelerate the political and socio-economic integration of the continent.
- Promote and defend the common African positions on issues of interest to the continent and its peoples.
- Promote international cooperation, taking into account the Charter of the United Nations and the Universal Declaration of Human Rights.
- Promote peace, security and stability on the continent; promote democratic principles and institutions, popular participation and good governance.
- Create conditions enabling the continent to play its role in the global economy and in international negotiations.
- Promote sustainable development in the economic, social and cultural fields as well as the integration of the African economies.
- Promote and protect human rights, in accordance with the African Charter on Human and Peoples' Rights and other relevant instruments on human rights.
- Promote cooperation and development at all levels of human activity with a view to raising the standard of living of African peoples.
- Coordinate and harmonize policies among existing and future RECs, accelerate development of the continent through research in all fields, and work with international partners to eradicate avoidable diseases and promote health on the continent.

By transforming the OAU into the AU, through the Constitutive Act, leadership of the continent clearly recognized the achievements of the OAU since its inception in 1963 in propelling Africa to greater heights in the 21st century, focusing on the continent's political and economic integration. Regional integration is to be the focus of the AU to prepare the continent for the challenges of globalization. In the spirit of the Abuja Treaty, the integration process is expected to stimulate the economies of Member States, while paying special attention to humanitarian action and civil protection.

New Partnership for Africa's Development

NEPAD, now a socio-economic programme of the AU, was launched by the OAU Summit in July 2001, in Lusaka, Zambia, as the New African Initiative. It arose from the merger between the OMEGA Plan, initiated by President Abdoulaye Wade of Senegal, and the Millennium Partnership for the African Recovery Programme (MAP), initiated by Presidents Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria and Abdelaziz Bouteflika of Algeria. Its objective is to overcome the challenges of under-development and to eradicate poverty in Africa by maintaining sustainable peace and security and the promoting sustainable economic growth and development. Furthermore, the programme seeks to enhance Africa's participation in global political and economic affairs. The first AU Summit, in July 2002, in Durban, South Africa, endorsed the NEPAD Initial Action Plan, which set out priority areas drawn mainly from REC programmes. While not involved directly in programme implementation, NEPAD engages in advocacy, promotion and mobilization of financial and political support for the development of the continent.

In addition to accelerating the implementation of projects in the above mentioned priority areas, the NEPAD Secretariat works on multi-sectoral problems in areas deemed crucial for the attainment of the NEPAD objectives: communication, popularization and establishment of partnerships.

The AU Summit in Nouakchott, Mauritania, in June 2018, decided to transform the NEPAD Planning and Coordination Agency into the African Union Development Agency-NEPAD (AUDA-NEPAD). The mandate of AUDA-NEPAD is to coordinate and execute priority regional and continental projects to promote regional integration towards accelerated realization of Agenda 2063 and strengthen the capacity of AU Member States and regional bodies, advance knowledge-based advisory support, undertake the full range of resource mobilization and serve as the continent's technical interface with all Africa's development stakeholders and development partners. The main thematic areas through which the AUDA-NEPAD implements its mandate are economic integration, industrialization, environmental sustainability, technology, innovation and digitalization, knowledge management, and human capital and institutions development. The broader mandate given AUDA-NEPAD allows it to provide knowledge-based advisory services and technical assistance to AU Member States in the pursuit of national development priorities.

The African Peer Review Mechanism (APRM) was created based on the decision of the AU Summit in Durban, South Africa, in July 2002. The APRM is by far the most successful undertaking of NEPAD. The mandate of the APRM is to ensure that policies and practices

of participating Member States conform to the agreed political, economic and corporate governance values, codes and standards contained in the African Union Declaration on Democracy, Political, Economic and Corporate Governance. The APRM is a mutually agreed instrument voluntarily acceded to by AU Member States as an African self-monitoring mechanism. The APRM is often described as Africa's unique and innovative approach to governance, with the objective of improving governance dynamics at the local, national and continental levels. As a voluntary and self-monitoring instrument, APRM fosters the adoption of policies, standards and practices that support political stability, economic growth, sustainable development and accelerated regional and continental economic integration through the sharing of experiences and best practices, including identifying deficiencies and assessing the needs for capacity building. The APRM scrutinizes all levels of government, parliament and the judiciary as well as the private sector. It is a clear demonstration of African countries' commitment to addressing the challenges of bad governance.

Regional economic communities as building blocks

The Constitutive Act of the African Union recognizes RECs as the pillar on which the AEC would be built. The RECs have a long history in Africa. The first REC in Africa, the Southern African Customs Union (SACU), began in 1910. The Southern Rhodesia Customs Union emerged in 1949 between South Africa and present-day Zimbabwe. The Ghana–Upper Volta Trade Agreement between Ghana and Upper Volta (now Burkina Faso) started in 1962, as did the African Common Market linking Algeria, the United Arab Republic (Egypt), Ghana, Guinea, Mali, and Morocco. Also formed in 1962 was the Equatorial Customs Union, the predecessor to the Customs Union of Central African States, which had as members Cameroon, the Central African Republic, Chad, Congo, and Gabon. The East African Community, comprising Kenya, Tanzania, and Uganda, began in 1967 as perhaps the most far-reaching of early integration attempts in Africa.

Most of earlier regional blocs no longer exist in their original form. However, since the Abuja Treaty, new groups have formed, reflecting African countries' continuing belief in economic cooperation and integration. West Africa has three RECs: the Community of West African States (which became the West African Economic and Monetary Union, or UEMOA) in 1973, the Mano River Union (MRU) formed in 1974 and the Economic Community of West African States (ECOWAS), created in 1975. The Central African Economic and Customs Union (UDEAC) was established in 1974 and the Economic Community of the Great Lakes Countries (CEPGL) in 1976.

The OAU Charter and the Constitutive Act establishing the AU define the anchoring ideals of African unity (OAU 1963; OAU, 2000). The Lagos Plan of Action and the Abuja Treaty establishing the AEC (OAU 1980, 1991) spell out the economic, political and institutional mechanisms for attaining this goal. And the treaties establishing regional economic groupings before and since independence, while reflecting the rich geographic and economic diversity of the continent, have pan-African dimensions.

Africa's current integration landscape contains an array of RECs, including eight considered to be the building blocks of the AEC:

1. The Arab Maghreb Union (UMA), which encompass five North Africa countries, excluding Egypt.
2. The Common Market for Eastern and Southern Africa (COMESA), whose members span North, East and Southern Africa.
3. The Community of Sahel-Saharan States (CEN-SAD), whose members are in West, Central, Southern, and North Africa.
4. The Economic Community of Central African States (ECCAS), whose members are in Central Africa.
5. ECOWAS, whose 15 members encompass all of West Africa.
6. The Inter-Governmental Authority on Development (IGAD), comprising countries in the Horn of Africa and the northern part of East Africa.
7. The Southern African Development Community (SADC), whose 14 members cover all of Southern Africa as well as Tanzania,
8. The East African Community (EAC), whose members are Burundi, Kenya, Rwanda, Tanzania and Uganda.

Beyond these are eight other more geographically limited intergovernmental organization that are subsets of the above:

1. The Central African Economic and Monetary Community (CEMAC), a group of six ECCAS countries.
2. CEPGL, consisting of three members of ECCAS.
3. The Indian Ocean Commission (IOC), made up of four members of COMESA and one French dependency (Reunion).
4. MRU, consisting of three members of ECOWAS.
5. SACU, consisting of five members of SADC.
6. UEMOA, consisting of eight members of ECOWAS.

Africa is making progress in its attempts to integrate. However, the results are mixed. Improvements have been made in trade, communications, macroeconomic policies and transportation. UEMOA, EAC and COMESA have made significant progress in trade liberalization and facilitation. In the movement of people, ECOWAS has made remarkable strides. SADC and EAC have progressed in infrastructure. And ECOWAS and SADC have made gains in peace and security.

Challenges of regional integration

Despite the progress made by the RECs, Africa faces a number of challenges in advancing its integration agenda:

- **Lack of political will:** Despite their good intentions, African leaders lack the political will and commitment to push forward the regional integration agenda. One reason is the absence of enforcement mechanisms to deal with African states that fail to adhere to protocols and treaties to which they are signatories. In addition, Member States may give priorities to commitments made on various multilateral, bilateral and regional agreements that are in conflict with the goal of regional integration. Consequently, the integrity and credibility of African leaders to be part of an integration process suffer.
- **Multiplicity of memberships and overlap and duplication of integration groupings:** Countries' multiple memberships in different RECs and the overlap and duplication of functions of the RECs are also stumbling blocks to the integration agenda. With a few exceptions, most African countries belong to more than one REC. The goals and objectives of the integration institutions are very similar. The existence of multiple RECs and overlapping membership in Africa's integration process therefore create unhealthy multiplication and duplication of efforts and the misuse of the continent's scarce resources. Moreover, countries' affiliations with more than one REC leads to split loyalties and impedes full commitment to the integration process.
- **Fear of loss of sovereignty:** African leaders fail to fully pursue the integration agenda because they fear a loss of sovereignty. For most economic contracts, the costs of reneging outweigh the costs of implementation. Member countries of the RECs do not implement integration arrangements because they fear that the costs of doing so far outweigh the costs of not implementing them: they are not prepared to cede powers to supra-national bodies for fear of losing independence and sovereignty. Most REC secretariats have no legal power to ensure that member countries fulfil their obligations, making the road to integration very bumpy.
- **Lack of a compensation mechanism:** The lack of a compensation

mechanism for losers in the integration process also constrains full implementation of integration schemes. Tariffs and other trade taxes account for a large share of revenue for many African countries. Concerns about the potential loss of this revenue if all integration protocols are implemented could inhibit the integration process, even if the potential benefits of integration outweigh the cost. In addition, countries are at different stages of development and therefore the gains from integration are disproportionate, making some member countries reluctant to fully commit to the integration process. Moreover, where there is agreement on the gainers compensating the losers, it is not clear how a sustainable working formula can be agreed upon. This issue is a very contentious one for the RECs, and an amicable solution is far off.

- **Weak infrastructure:** Economic integration on the continent cannot succeed without physical integration. However, compared to world standards, Africa's infrastructure is generally very weak. The total length of roads in Africa is 2 million kilometres, about 28 per cent of which is asphalted. The railway network is very poor in many parts of the continent, particularly in Western and Central Africa. Maritime transport and ports, which handle about 95 per cent of Africa's international trade, are fitted with sub-standard equipment. Compounding the problems of the inadequate infrastructure are the numerous roadblocks on African highways, delays at border posts, long and inappropriate customs clearance and corrupt activities engaged in by officials.
- **Poor macroeconomic environment:** The success of regional integration also hinges critically on member countries pursuing convergent macroeconomic policies. Misalignments between member countries of tariffs, inflation, exchange rates, debt to GDP ratios, rate of money growth and other vital macroeconomic variables would be disruptive to regional integration. In addition, these misalignments could lead to rent-seeking activities by government and private individuals that could stifle legitimate investment opportunities. This could damage the economy of a member country, weakening the whole integration process. It is therefore imperative that the regional integration process include guidelines for the convergence of macroeconomic and trade policies of the entire regional space so as to strengthen the overall regional integration agenda.
- **Weak financial environment:** Strengthening and deepening Africa's financial markets and institutions are also essential for mobilizing the resources needed to finance integration projects such as infrastructure. Financial institutions also enhance the payment system and facilitate trade within and outside the regional communities. In addition to improving the financial markets, efforts must be made to

encourage the RECs to establish development banks in their region to assist member countries in financing infrastructural projects. However, the integration of financial markets in Africa requires the harmonization of national policies and procedures governing these markets and institutions across member countries.

Mkandawire (2014) forcefully argues that we should not use the European Union as the yardstick for determining the progress of regional integration in Africa. He argues that Africa has made definable progress on its integration agenda. For example, when one controls for the state of development or infrastructure or industrialization, the level of intra-African trade is higher than usually reported levels, which are low. Mkandawire finds trade in East Africa to be much higher and to compare fairly well with the Association of Southeast Asian Nations (ASEAN) and the Southern Common Market (MERCOSUR) regions. Furthermore, trade in manufacturing is growing faster among African countries than in the rest of the world.

The membership of African countries in multiple RECs, the “spaghetti bowl of integration,” is often seen as a drawback to Africa’s integration. In linear economic integration terms of cost-benefit analysis, the spaghetti bowl is shown to be slowing the integration of the continent. However, there is more to integration than economics. There are strong historic ties, and perhaps other economic rationales, for the spaghetti bowl. Often overlooked are the political origins explaining the presence of the spaghetti bowl. Mkandawire (2014) observes that Member States in Africa have many identities. Colonization has affected countries in unique ways such that it no accident that countries join many kinds of integration groups.

Furthermore, most Africans strongly believe in Africa and have strong attachment to the continent. The people of Africa boldly wear pan-Africanism on their sleeves and yearn for the United States of Africa, with a common currency, common passport and free movement on the continent despite the diversity in cultures. Unfortunately, the continent has not established enough institutions to make the United States of Africa a reality.

Mkandawire (2014) also observes that development partners have thwarted African development and integration processes. He notes that in the 1980s the African ministers of finance requested the assistance of the World Bank, through their governors in the Bank, on recommendation for how Africa could catch up with economic growth in Asia. That led the Bank to produce the Berg Report, which was centred on market reforms (World Bank, 1981).⁸ At the same time, African ministers responsible for planning asked the Secretariat of the OAU to prepare an action plan for the continent’s development, which resulted in the production of the Lagos Plan of Action. The Berg

Report was at variance with the Lagos Plan of Action. The Lagos Plan of Action promoted deepening regional integration while the Berg Report did not. The Berg Report gave Africa two decades of very low growth, followed by structural adjustment policies that favoured liberalization of markets and no regional integration. According to Mkandawire, under the Berg Report, countries were asked to liberalize their markets, and programmes of regional integration such as preferential treatment of countries in RECs were abandoned. However, the heart of the Lagos Plan of Action was the spirit of pan-Africanism, which was embraced by Member States of the OAU. The Lagos Plan of Action and the Abuja Treaty viewed the continent as consisting of diverse nations and peoples who share certain common objectives of integrating the continent.

Integration is a daunting challenge. Africa should never go for help to outside countries with the expectation that these countries have an interest in assisting Africa with its integration projects. Africans are the only ones who can deepen the integration of the Africa. Integration is expected to help Africa industrialize, but it is difficult to integrate if African countries are not industrialized. It is important that African countries come together strategically to break the cycle of dependency. Industrialization is crucial for Africa’s development (te Velde, 2021). However, Africa continues to face major challenges and opportunities. This has become noticeable in how African countries have responded to COVID-19, with increasing use of digital solutions.

Agenda 2063

Agenda 2063, a plan for Africa’s structural transformation, was agreed on by African heads of state at the AU Golden Jubilee Summit of May 2013. Based on the Solemn Declaration, the Summit pledged to develop and pursue a transformational agenda through eight key areas:

1. African identity and renaissance.
2. The struggle against colonialism and the right to self-determination of people still under colonial rule.
3. An integration agenda.
4. An agenda for social and economic development.
5. An agenda for peace and security.
6. Democratic governance.
7. Determination of Africa’s destiny.
8. Africa’s place in the world.

Agenda 2063 is founded on the AU vision of “an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena.” The Agenda also builds on the AU Constitutive Act and regional frameworks. In addition, the process takes cognizance of national, regional and existing and past continental frameworks such as PIDA, the Comprehensive Africa Agriculture Development Programme (CAADP) and the Minimum Integration Programme (MIP), as well as the Monrovia Declaration, the Lagos Plan of Action and the Abuja Treaty, among others. The Agenda is also anchored on the AU vision and is based on the seven aspirations derived from wide consultations:

1. A prosperous Africa based on inclusive growth and sustainable development.
2. An integrated continent, politically united, based on the ideals of Pan Africanism and the Vision of Africa’s Renaissance.
3. An Africa of good governance, respect for human rights, justice and the rule of law.
4. A peaceful and secure Africa.
5. An Africa with a strong cultural identity, common heritage, values and ethics.
6. An Africa whose development is people-driven, especially relying on the potential offered by its women and youth.
7. An Africa that is strong, resilient and an influential global player and partner.

The aspirations reflect Africa’s desire for prosperity and well-being, for unity and integration, for a continent of free citizens and expanded horizons, with freedom from conflict and improved human security. They also project an Africa of strong identity, culture and values, as well as a strong and influential partner on the global stage making equal contribution to human progress and welfare—in short, a different and better Africa. There are transitions on the road to attaining these aspirations, and each milestone of the transition is a step towards attainment of the aspirations by 2063. These transition points, exciting in themselves appear in the results framework.

The aspirations also embed a strong desire for a continent where women and the youth are guaranteed their fundamental freedoms and where they assume a leading role in the development of African societies. The aspirations are based on the conviction that Africa has the potential and capability to converge and catch up with other regions of the world and take her rightful place in the world community.

The Agenda 2063 is expected to be implemented in 10-year phases. The first phase covers 2013–2023 and addresses the following:

- Sustainable inclusive economic growth.
- Human capital development.
- Employment creation.
- Social protection.
- Gender/women in development and youth empowerment.
- Good governance and capable institutions.
- Infrastructure development.
- Science, technology and innovation.
- Peace and security.
- Culture, arts and sports.

Under the First Ten-Year Implementation Plan of Agenda 2063, African countries were expected to fast-track the implementation of flagship programmes identified to have immediate positive impacts on growth:

- The integrated high-speed train network.
- The Great Inga Dam project.
- The single aviation market.
- The outer space programme.
- The pan-African e-network.
- An annual African consultative platform.
- The virtual university.
- The African passport and the free movement of persons.
- The African Continental Free Trade Area.
- Silencing of the guns by 2020.
- The development of a commodity strategy.
- The establishment of continental financial institutions, including the African Central Bank, by 2030.

In addition, the implementation strategy of the first phase of the Agenda 2063 spells out 20 goals and 34 priority areas. The goals and priorities include poverty reduction; the expansion of education at all levels; improved maternal and child health, water and sanitation facilities; industrialization of the African economy; greater resilience

to the effects of climate change and prioritized adaptation; modernized farming methods for increased production, productivity and value-addition; better and more sustainable management of natural resources, including mineral and agricultural resources; the establishment of a continental free trade area and well developed intra-African trade; and a well-developed infrastructure network.

Goals to be attained by 2023 also include good governance, the observance of rule of law and human rights, and the cessation of all inter- and intra-country conflicts on the continent. Cultural goals are also identified, including full engagement with the African diaspora, the development and wider use of African languages and the growth of the creative arts and cultural industries. Greater empowerment of women and young people is also an important goal, as is increasing Africa's presence and voice in global affairs.

Alignment of Agenda 2063 and the 2030 Agenda for Sustainable Development

The UN General Assembly has adopted the Sustainable Development Goals (SDGs), to be achieved by 2030. The SDGs come at a time when billions of people are living in poverty and inequalities within and among countries are on the ascendance, along with enormous disparities in opportunity, wealth and power. There is also a recognition of the challenges of gender inequality; rising unemployment, particularly among youth; threats to global health, conflict, violent extremism, terrorism and related humanitarian crises and forced displacement of people. Natural resource depletion and climate change, especially rising global temperatures and sea level rise, and their impact on coastal areas and low-lying coastal countries, including many least developed countries and small island developing countries, are among the challenges that continue to reverse much of the development progress made in recent decades.

The SDGs consist of 17 goals and 169 associated targets. The goals were globally agreed on through an inclusive process of intergovernmental negotiations; take account of different national realities, capacities and levels of development; and respect national policies and priorities. The targets are defined as aspirational and global, with each government setting its own national targets, guided by the global level of ambition but taking into account national circumstances. Each government will also decide how to incorporate these aspirational and global targets into national planning processes, policies and strategies.


















Africa's input into the development of the SDGs was through the Common African Position (CAP). The CAP, which has the same tenets as Agenda 2063, is Africa's consensus on the continent's challenges, priorities and aspirations and the strategies for dealing with them.








The CAP therefore reflects the six pillars of Africa's development priorities: structural economic transformation and inclusive growth; science, technology and innovation; people-centred development; environmental sustainability, natural resources management and disaster risk management; peace and security; and finance and partnerships. It is the view of the AU that Agenda 2063 aligns with the SDGs because most of the recommendations of the CAP were taken on board by the UN General Assembly.

African countries have committed to implementation of the SDGs as well as Agenda 2063. Individual countries also have their own development plans and strategies. It is therefore important to have a common strategy for implementation of both frameworks so as to achieve the goals and targets and minimize the challenges associated with implementing both agendas.

Most of the SDGs are consistent with the goals of Agenda 2063 (table 2.1). For example, Goal 1 of Agenda 2063 aims for "A high standard of living, quality of life and well being for all citizens." Four of the SDGs are clearly consistent with achieving Goal 1 of the Agenda 2063: SDG 1 (end poverty in all its forms everywhere); SDG 2 (end hunger, achieve food security and improved nutrition and promote sustainable agriculture); SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and SDG 11 (make cities and human settlements inclusive, safe, resilient and sustainable). The alignment between most of the goals of the Agenda 2063 and the SDGs provide an opportunity for Africa to implement both agendas within a single framework without burdening policymakers with multiple development frameworks.

Table 2.1 Alignment of the goals of Agenda 2063 and the Sustainable Development Goals (SDGs)

Agenda 2063 goal	Agenda 2063 priority area	SDGs
1. A high standard of living, quality of life and well-being for all citizens	<ul style="list-style-type: none"> Incomes, jobs and decent work Poverty, inequality and hunger Social security and protection, including persons with disabilities Modern, affordable and liveable habitats and quality basic services 	   
2. End poverty in all its forms everywhere in the world	<ul style="list-style-type: none"> Poverty 	
3. Healthy and well-nourished citizens	<ul style="list-style-type: none"> Health and nutrition 	
4. Transformed economies	<ul style="list-style-type: none"> Sustainable and inclusive economic growth Science, technology and innovation-driven manufacturing, industrialization and value addition Economic diversification and resilience 	 
5. Modern agriculture for increased productivity and production	<ul style="list-style-type: none"> Agricultural productivity and production 	
6. Blue/ocean economy for accelerated economic growth	<ul style="list-style-type: none"> Marine resources and energy Port operations and marine transport 	
7. Environmentally sustainable and climate resilient economies and communities	<ul style="list-style-type: none"> Biodiversity, conservation and sustainable natural resource management Water security Climate resilience and natural disasters preparedness 	   
8. A united Africa (federal or confederate)	<ul style="list-style-type: none"> Frameworks and institutions for a united Africa 	
9. Continental financial and monetary institutions established and functional	<ul style="list-style-type: none"> Financial and monetary institutions 	
10. World class infrastructure criss-crosses Africa	<ul style="list-style-type: none"> Communications and infrastructure connectivity 	
11. Democratic values, practices, universal principles of human rights, justice and the rule of law entrenched	<ul style="list-style-type: none"> Democracy and good governance Human rights, justice and the rule of law 	
12. Capable institutions and transformative leadership in place	<ul style="list-style-type: none"> Institutions and leadership Participatory development and local governance 	

Agenda 2063 goal	Agenda 2063 priority area	SDGs
13. Peace, security and stability is preserved	<ul style="list-style-type: none"> Peace and security 	
14. A stable and peaceful Africa	<ul style="list-style-type: none"> Institutional structure for African Union instruments on peace and security Defence, security and peace 	
15. A fully functional and operational African peace and security architecture	<ul style="list-style-type: none"> Pillars of African peace and security architecture 	
16. African cultural renaissance is pre-eminent	<ul style="list-style-type: none"> Values and ideals of pan-Africanism Cultural values and African renaissance Cultural heritage, creative arts and businesses 	
17. Full gender equality in all spheres of life	<ul style="list-style-type: none"> Women and girls' empowerment Violence and discrimination against women and girls 	
18. Engaged and empowered youth and children	<ul style="list-style-type: none"> Youth empowerment and children's rights 	 
19. Africa as a major partner in global affairs and peaceful co-existence	<ul style="list-style-type: none"> Africa's place in global affairs Partnerships 	
20. Africa takes full responsibility for financing its development goals	<ul style="list-style-type: none"> African capital markets Fiscal systems and public sector revenue Development assistance 	 

Sustainable Development Goals (SDGs)

- 1 End poverty in all its forms everywhere in the world
- 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- 3 Ensure healthy lives and promote well-being for all at all ages
- 4 End poverty in all its forms everywhere in the world
- 5 Achieve gender equality and empower all women and girls
- 6 Ensure availability and sustainable management of water and sanitation for all
- 7 Ensure access to affordable, reliable, sustainable and modern energy for all
- 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 10 Reduce inequality within and among countries
- 11 Make cities and human settlements inclusive, safe, resilient and sustainable
- 13 Take urgent action to combat climate change and its impacts
- 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

While most of the goals of the Agenda 2063 align with the SDGs, some of the goals of the Agenda 2063 are unique to Africa. These are Goal 8 (United Africa [federal or confederate]), Goal 9 (Continental financial and monetary institutions are established and functional), Goal 14 (a stable and peaceful Africa) and Goal 15 (a fully functional and operational African peace and security architecture).

It is very important that coordination mechanisms be put in place to ensure effective implementation and follow-up and that they address areas of convergence as well as areas unique to Africa. That is why a coherent and common framework that integrates Agenda 2063 and the SDGs into national planning frameworks is needed. The SDGs respond to the global dimensions of Africa's development challenges, while Agenda 2063 responds to the regional dimensions. Implementation of both will therefore require advocacy and sensitization about the details of both frameworks, strengthened capacities to coherently integrate such initiatives in national planning frameworks, and research to support evidence-based policymaking.

The African Development Bank (2016) has also adopted a development framework, which it calls the High Fives (Hi5s): Light up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve Quality of Life for the People of Africa. The Hi5s were framed in response to Agenda 2063 and the 2030 Agenda for Sustainable Development, with a goal of promoting inclusive development and green growth in Africa. The United Nations Development Programme (2017) observes that Agenda 2063, the SDGs and the Hi5s are very well aligned and aimed at promoting social, economic and environmental development and sustainability, with people as the means and end of development.

Accompanying a common framework for implementation of Agenda 2063, the SDGs and the Hi5s should be monitoring and evaluation (M&E) tools. These tools will reinforce a culture of managing for results with respect to implementation of the common framework. An M&E framework, by setting targets and milestones, will also ensure that all parties work towards achieving the development goals. It also enables identifying and addressing the causes of non-performance through evaluation processes.

Concluding remarks

Sustainable development continues to elude Africa despite its considerable natural resource endowments. Regional integration offers the most credible strategy for tackling Africa's development challenges, internal and external, because many of the weaknesses described in this chapter overwhelm the limited capacities and resources of individual countries. Collective efforts, with dynamic political commitment to integration, can help overcome many daunting challenges.

Deepening regional integration in Africa would require a thorough assessment of integration performance at the national, regional and continental levels, taking into account new continental and global realities. A key objective must be to expand opportunities for investment that increase African incomes and tap unexploited resources—reducing dependence on the outside world and creating conditions for self-sustained, autonomous development. Such development can come about only by transforming Africa's production structures.

Understanding the roles of cooperation and integration in meeting the challenges of African development also requires going beyond traditional issues to objectives not strictly covered by RECs. Peace and security, environmental issues and Africa's global commitments cannot be divorced from the concerns of regional integration. In some parts of Africa, conflicts and instability have stalled regional integration. Malaria and other infectious diseases impede integration in vast parts of the continent. And globalization poses enormous challenges to Africa's economic prospects. All these issues need to be included in an assessment of regional integration in Africa.

Africa's integration faces enormous constraints and challenges at this crucial juncture of the African Union. Some are due to overly ambitious goals relative to limited resources and capacities. But given the many obstacles that Africa must overcome to maintain and achieve respectable growth, the lack of significant achievements is unsurprising. The systemic problems that hamper the development of national economies also impede Africa's integration.

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3. THE TWO PUBLICS AND THE QUEST FOR TRANSFORMATIVE CONTINENTAL INTEGRATION IN AFRICA

Babatunde Fagbayibo

Introduction

In an essay published in 2002, the late Kenyan scholar Ali Mazrui asked the critical question, “Who killed democracy in Africa?”. In his incisive, archetypal take on African issues, Mazrui delved into history to identify both internal and external forces that have conspired to commit the crime of “democracide” or the murder of democracy. He identified colonial masters, military coup-makers, western powers and business people, the imposition of ill-suited constitutions and institutions and angry ancestors (who placed a curse on the continent for neglecting pan-African cultural values and norms) as culprits in the murder of African democracy (Mazrui, 2002, pp. 4-6). Suffice to say that although the political dynamics of the continent have evolved, many of the culprits mentioned by Mazrui are still busy at the slaughter slab, shredding democracy to bits.

Unfortunately for the African masses, democracy is not the only object of mutilation. The idea of deepening regional integration in Africa has not escaped the sharpened machete of the butchers of democracy. Either because of a suppression of democratic rights or a bold-faced insistence on disregarding integration programmes, Africa’s regional integration remains paralytic. Recent developments such as the establishment of the African Continental Free Trade Area (AfCFTA), institutional reform at the African Union (AU) and the adoption of the AU free movement protocol are critical measures but are yet to be matched by the requisite political will.

Political will must go beyond lofty rhetoric and the establishment of institutions; it demands demonstrated commitment to matching goals with actions. For example, while member states have rushed to adopt and ratify the AfCFTA Agreement, there is reluctance to ratify the free movement protocol, which is an integral part of the AfCFTA framework. Similarly, the AU institutional reforms have not resulted in any meaningful plan to enhance the supranational competences of AU institutions. And beyond the nominal focus on the AU Commission, there is no realistic framework on empowering the Pan-African Parliament (PAP) or enforcing the judgements of the African Court on Human and Peoples’ Rights (AfCtHPR). Also, the increasing anti-democratic practises in Member States place a big question mark on the seriousness of Member States to create an enabling democratic environment for trade and investment (Fagbayibo, 2021).

It is against this background that this chapter looks at the two publics that are at the heart of the articulation and implementation of continental integration process in Africa. These are the *Integracidaire*s and the civic publics. The *Integracidaire*s are those who, through commission or omission, revel in the idea of ensuring that the simple logic of achieving African unity remains ossified within a mystic bubble. However, the civic public continues to ensure that the many obstacles are not enough to dampen enthusiasm for African integration and the drive to deepen it. The lack of coherence and, more important, the unwillingness to see the various efforts of the civic public as important for enhancing continental integration efforts remain a major drawback. This chapter addresses this lacuna and proposes pragmatic measures that can lead to the paramount goal of transformative continental integration in Africa.

Who are the Integracidaire?

Before discussing the civic public, it is important to first identify the so called *Integracidaire*s. The *Integracidaire*s consist of governmental and non-governmental internal and external actors whose actions contribute to the dysfunctional state of regionalism on the continent. In no particular order, here are the suspects:

- **“Follow-Follow” integrationists:** The late Nigerian Afrobeat musician Fela Anikulapo-Kuti used the term “Mr Follow Follow” to describe African politicians who are unable to design policies outside of ill-suited, Eurocentric paradigms. This description also applies to African political elites, scholars and European Union (EU) policymakers and thinkers who are unable to envision an African integration process outside of the European integration template. This cohort stubbornly refuses to appreciate the different contexts and variables that inform both integrative experiments. At both the continental and sub-regional levels, institutions, normative policies and integrative steps mirror those of the EU. In this equation, the EU sees itself as the “mentor” (Haastrup, 2013) and propagator of the gospel of the correct model for regional integration. For African regional organizations, this Follow-Follow, or copycat, approach has led to a conundrum, with little or no room to manoeuvre and, more important, to pursue a truly Afrocentric integration process.

- **External funders** (and their not-so-altruistic objectives): The inability or unwillingness of member states to finance regional institutions paved the way for external funders to fill the wide vacuum (AU, 2019). External funders such as the EU use this as a manipulative tool for influencing regional integration in Africa (ICG, 2017; Fagbayibo, 2022). Similarly, it was alleged that between 2012 and 2017, China bugged the computer server that it donated to the AU (Tilouine and Kadiri, 2018). Recent AU efforts in self-financing through a 0.2 per cent levy on eligible imports and the adoption of the nine golden rules on financial management are steps aimed at reversing this (AU, 2019). While some AU Member States have started collecting the 0.2 per cent levy on imports, most Member States have yet to implement the rule (ISS, 2021). This is mainly due to the lack of political will, coupled with the absence of a clearly articulated framework on implementing the collection of the levy (ISS, 2021).
- **Autocratic regimes:** The state of democratic governance in Africa remains worrisome. According to the 2021 Freedom House report, only nine African countries (Botswana, Cabo Verde, Ghana, Mauritius, Namibia, Seychelles, South Africa, São Tomé and Príncipe and Tunisia) qualify as free in terms of the guarantee of political rights and civil liberties (Freedom House, 2021). The rest are either partially free or not free. While some countries on the continent have made progress in advancing democracy, there is an increasing shift towards anti-democratic tendencies (Cheeseman, 2020). This includes measures such as the enactment of draconian laws constraining the activities of opposition parties and non-governmental organizations, electoral chicanery, digital repression and measures targeted at weakening the powers and relevance of national governance institutions such as the election management bodies, legislature and judiciary (Cheeseman, 2020; Musila, 2019; ICJ, 2021). These actions not only violate continental and regional norms of democratic governance but further delegitimize national institutions as viable structures for implementing regional integration objectives.
- **Cold-feet integrationists:** Non-compliance with integration objectives remain a key hindrance. The report on AU institutional reform noted that while the organization has adopted over 1,500 resolutions, it lacks an effective follow up mechanism on implementation (Kagame, 2017). Similarly, Member States have failed to comply with about 75 per cent of the judicial decisions of the AfCtHPR (Chenwi, 2021). Member States routinely violate transnational normative rules and display unwillingness to transfer meaningful powers to regional organizations. The AU Commission lacks meaningful supranational powers to enforce the decisions of the organization. Similarly, no real legislative power has been transferred to PAP since its inception in 2004. In addition, there is political backlash, in the form of withdrawal or push for

disbandment against adjudicative regional organs that have delivered judgments against member states. The suspension and eventual whittling down of the powers of the Southern African Development Community (SADC) Tribunal following its ruling against the Zimbabwean land grab policy is a case in point. Similarly, Member States such as Tanzania, Côte d'Ivoire and Benin have officially withdrawn their declaration allowing individuals and non-governmental organizations to submit applications directly to the AfCtHPR. This political move is based on the court's judgment in cases that have highlighted abuses of fundamental rights.

Another dimension of this is the scourge of Afrophobia. Cases of violent attacks against black foreigners, government policies aimed at excluding black foreigners from access to employment and other socio-economic benefits, and political elites inciting the populace against black foreigners all weaken the quest for deeper integration (Amit and Kriger, 2014; Akinola, 2020; BBC, 2019). This attitude feeds into the hesitancy of many African states to liberalize their mobility regimes and undermines the political will to ratify the AU free movement protocol. Africa remains the continent with the highest use of intracontinental visas, with 49 per cent of African states (it was as high as 60 per cent at one time) still demanding visas from other African citizens (AfDB and AU, 2019).

The civic public

While *Integracidaire*s continue to frustrate the advancement and deepening of regional integration efforts in Africa, there is a cohort of civic public that is providing counter-narratives through progressive and positive actions. The civic public is composed of activists, civil society organizations (CSOs), research institutions, dedicated transnational bureaucrats, artists and the private sector. The different groups within this cohort are not necessarily working as a unit or engaged in formal collaborations but are driven by a zeal for concretizing African unity. Again, in no particular order, here are some of the actors and their contributions to the pan-African unity discourse:

- **Africa Inc.:** Big businesses and entrepreneurs are increasingly taking interest in investments that speak to the pan-African unity vision. One such initiative is AfroChampions, a public-private partnership jointly chaired by former South African president Thabo Mbeki and Aliko Dangote (Africa's richest man), aimed at raising funds for the effective operationalization of the AfCFTA. This initiative has proposed a \$1 trillion investment framework for

projects such as the Djibouti to Dakar railway and the Democratic Republic of the Congo's Inga Dam (African Business, 2019). In 2018, AfroChampions committed \$1 million to awareness campaign on AfCFTA (AU, 2018). Another initiative is the Tony Elumelu Entrepreneurship Programme, championed by the Nigerian businessman Tony Elumelu, with a seed capital of \$100 million. The aim is to fund 10,000 African start-ups over 10 years, 1,000 start-ups per year, with the intention of creating 1 million new jobs and \$10 billion in annual revenue for Africa's economy (The Tony Elumelu Foundation, n.d.). Other private sector initiatives that are directed at enhancing regionalism exist in East, Southern and West Africa.

- **Unity bards:** African artists continue to act as agents in shaping the unity narrative. The music industry—with its artists, satellite TV channels and award shows—is fast becoming the referential soundtrack for advancing the gospel of deeper continental integration in Africa. African musicians have not only become global brands but are also pushing the ideology of closer unity through collaborations, using their voices to promote the importance of unity and contributing to the conscientization of Africa's youthful population concerning the benefits of a borderless Africa. The proliferation of music television channels and online movie streaming services has created important platforms not only for showcasing African talents to millions of viewers across the continent but also for emphasizing the indispensability of socio-cultural integration in the broader matrix of continental unity.

In the context of transnational identity formation, this phenomenon is described as “performative-discursive”: “cultural expressions and attitudes that transcends borders [and] have the potential to create a sense of transnational belonging” (Thiel and Friedman, 2012, p. 2).

- **Committed “Africrats”:** Despite the unwillingness of African leaders to transfer meaningful powers to regional institutions, there are dedicated regional technocrats who are focused on providing technical and strategic policy support to the cause of regional integration in Africa. Tiekou (2017) referred to this group of technocrats as “Africrats”, and they are behind the articulation of reform efforts, strategic policy documents, capacity building programmes, and negotiations at the continental and sub-regional levels. Outside of the AU and regional economic community (RECs) structures, there are also committed Africrats working on regional integration issues in institutions such as the United Nations Economic Commission for Africa, African Development Bank and the African Export-Import Bank. These institutions sometime collaborate with the AU on projects and programmes. Also, Africrats often work closely with civil society actors in designing normative and policy documents on regional integration (Tiekou, 2017).

- **Proactive CSOs:** CSOs have made immense contributions to driving the agenda and implementation of regional integration objectives in Africa. This proactive stance of CSOs often exists outside the formal AU structure that is dedicated to civil society, the Economic, Social and Cultural Council (ECOSOCC). This is due to several limitations of the ECOSOCC, such as its lack of funds, exclusionary membership criteria, AU's arbitrary determination of which CSO to invite to meetings and legitimacy problem of some of the CSOs that are part of ECOSOCC (Finizo, 2018).
- CSO involvement in continental integration ranges from providing consultancy services and agenda setting initiatives to mounting awareness drives. Organizations such as the Institute of Security Studies, Electoral Institute for Sustainable Democracy in Africa and the African Centre for the Constructive Resolution of Disputes in Africa have supported the AU in crafting policy documents on peace and security, human rights, democracy, good governance and elections (Tiekou, 2017). Similarly, other organizations and online blogs such as Fahamu, the ACTHPR Monitor, the Trade and Law Centre and AfronomicsLaw are involved in reporting and providing critical comments on AU activities around human rights, law, trade and good governance. CSOs are also active in the adjudicative arena of continental integration by providing reliable information on human right abuses in Member States, submitting cases to the African Commission on Human and Peoples' Rights and fact checking periodic reports submitted by Member States to the AU Commission (Finizo, 2018). Similarly, there are research institutes and educational institutions that are actively engaged in organising seminars, conferences and teaching and research on Africa's regional process.

Conclusion: Towards a transformative continental integration process

Continental integration is bedevilled by the huge gap between rhetoric and action. Despite the many laws and policies on regional integration, the requisite commitment to implement these norms remain lacking. Current developments regarding AU reforms provide another opportunity for making meaningful progress. However, achieving progress will require an overhaul of the ideational approach to continental integration. The obsessive state-centric approach to regional integration, which ensures that civil society is marginalized and excluded from the integrative process, and the non-transference of assertive powers to regional organs are not compatible with the aspirational goals of enhanced regional integration. Below are some recommendations for redressing this.

First, Africa needs a regional integration paradigm that fits the African context. As countries and regional institutions respond to changing realities and engage in a trial-and-error game of aligning interests, the imperative of finding practical and context-related measures for addressing common problems cannot be overstated. One way of addressing this is to situate regional integration measures such as trade and investment, free movement of people, human rights and governance within pan-African cultural contexts. Cultural ideas such as ubuntu, harambee, kagisano and omoluwabi contain valuable humanistic values that can aid in better articulating and implementing integration objectives. Another component of the context-related approach is the skill of knowing how to adopt and adapt relevant lessons from elsewhere. Africa does not exist in isolation. Some strategies that have worked effectively in Europe, Asia or Latin America could be remodelled to address specific challenges on the continent.

Second, regional problems must be addressed. A key concern is that regional institutions suffer from acute lack of financial and technical capacity to respond to crippling issues of bad governance, conflict and poverty. Such realignment of relations will again raise the imperative of considering the nature of membership and the readiness of Member States to surrender critical competences to regional institutions. In this respect, the transfer of meaningful powers to regional organs such as the AU Commission and the PAP will require nuanced and strategic measures that look beyond the expectation that all 55 AU Member States to be onboard. One such measure is a flexible approach that allows willing Member States and RECs to proceed with special arrangements of transferring supranational competence to these organs (Fagbayibo, 2016). Another point worth considering is the extent to which Africa's natural resources can be strategically deployed in funding regional programmes.

This will require a concerted effort in finding the appropriate tax structures and supranational arrangements for the management of such resources.

Third, the integration process needs to be anchored to a purposeful and concrete objective beyond symbolism. This will usher in a business-like, result-driven approach, rather than the usual emotive approach, to African integration. Making this approach a reality will require several measures, among them the involvement of the private sector in funding regional integration initiatives, strategic engagement with external partners, relevant skills development for young people and the development of regional growth poles. For example, Dlamini (2014) suggested that Africa "needs a geographical division of labour, in which regional centres of excellence are established and promoted." He proposed that:

"In southern Africa, South Africa can be the centre of excellence in mining and financial services. In east Africa, Kenya can be the centre of excellence in IT and telecommunications. In West Africa, Nigeria can be the centre of excellence in oil and gas, and agriculture." (Dlamini, 2014).

Such growth poles could create the centripetal forces attracting regional developmental initiatives and could strategically deploy them for integrative development.

Lastly, Africa needs a conscious and pragmatic approach to channelling the activities of civil society to advance continental integration within the AU process. One way of ensuring this is to agree on a framework for including organized and broader civil society at the national level in discussions and activities on issues that affect continental integration. Such a framework should indicate the necessity of conveying critical integration measures in local languages in order to reach a much wider audience. The role of musicians and actors is also important here, as they can assist in transmitting these ideas in relatable forms and in mobilizing support for them. The framework should also emphasise the imperative of including young people, women, people with disabilities and other vulnerable groups in national dialogues on continental integration. Such national dialogues should cover topics such as funding continental integration, endowing AU institutions with supranational competences, implementing AfCFTA objectives, enabling the free movement of persons and promoting and protecting fundamental rights.

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4. EXPLAINING ECONOMIC INTEGRATION IN AFRICA: THE WHY, THE BANE AND THE WAY FORWARD

Francis Mangeni

Introduction

This chapter explains existing levels of regional economic integration in Africa, outlines some constraints and proposes ways forward. Explanations of regional integration should be holistic, elegant and parsimonious. The explanations should get to the truth through a correspondence and coherence of propositions with facts and reality, scope out limitations to what can be known with respect not just to data but also to all decision-making, set out suppositions about human nature and being and frame the policy-orientation and agenda, clearly indicating the value propositions (Marian, 2015; Young, 2018). The explanations should account for regional integration as it actually is and generate appropriate policy implications on what it could be.

Trade can be considered the motherboard of regional economic integration. Economic integration projects around the world and indeed going well back into the past have been expected to mean free movement in some significant form, particularly with respect to tradeables, traders and factors of production. On this count, public stakes in economic integration have been high (Craig and Burca, 1997). At a minimum, people must earn an income to survive in post-subsistence modern economies, as a basis for attaining higher human needs towards self-actualisation (Maslow, 1943). Money is earned by trading goods, services or assets; inheriting wealth or engaging in illegal activity. With inheritance uncertain and illegality risky, trade remains the preferred option. Economic integration as a progression or an end has covered free movement of goods, services, persons, labour, capital and investment as well as the right of establishment, in increasing intensity of integration (Balassa, 1961).

Regional integration should be built on the principle of sublimity. What is best at the national level should be harnessed and shared at the regional level by participating countries, especially in terms of policy good practices and talent pools, beyond “great thoughts, strong emotions, certain figures of thought and speech, noble diction, and dignified word arrangement” (Leitch, 2001, p. 136). It is not beyond human endeavour to become smarter, faster and better (Duhigg, 2016) and to harness and deploy such advances in regional integration projects, with the probable result of cross-country emergent properties. Alone, individual countries do not have the capabilities and grandeur of the totality of an organization. The emergent properties of regional integration organizations may be akin to the observable physical processes and systems in which the whole is greater than the sum of its parts (Damper, 2000). It is demonstrable that regional integration can take on an autopoiesis that progressively protects, affirms and defines the members with a new dynamic identity and clout in global relations (Collier, 2004; Teubner, 1993).

Europeans or East Africans, for example, may develop an organic affinity to the European Union or the East African Community that confers entitlements under its constitutive instruments, along with a certain presumed prestige in the world (Ntarangwi, 2009). Replicating and regionalizing a national or ethnic psyche or endowment can confer the attributes of regional and global soft power, diplomatic agency and cultural vibrancy associated with particular regional integration organizations, producing role models and ambassadors of good practice for the region (Tella, 2021).

While universal approaches and solutions that seek to be optimal and total in covering all humankind and the global economy may be the best option in particular policy areas, pragmatism has empirically demonstrated that localization offers entry points for forward progress (Lipsey and Lancaster, 1956). As part of a large and diverse continent, with multiple existential crises over the years, African regions have developed, through experimentation and learning, targeted interventions with good practices that have been harnessed and consolidated at the continental level to form the African Union (AU) architecture of programmes and institutions (Mangeni and Juma, 2018).

Explaining regional integration in Africa

Economic integration has been explained broadly as based on four main factors:

- *Defensive*, when a state jumps on the bandwagon of an increasingly regionalizing world, to avoid being left out.
- *Peace and security*, to turn warring states into closely knit economic partners and make future conflicts unthinkable.
- *Efficiency*, to reduce transaction costs.
- *Externalization*, as a political economy manoeuvre, to enable a country to adopt painful or unpopular measures on the basis of regional obligations.

Underpinning these factors are political considerations, to better manage pertinent political issues affecting the region (Burges, n.d.). At best, these justifications only partly explain the evolution of regional economic integration in Africa. A fuller understanding requires a degree of specificity and localization. Economic integration in Africa is not mimicry or panic, nor a passing fad. Rather, it is an overarching developmental strategy to keep the continent on a solid pathway to structural transformation.

The following framework could provide a closer explanation for regional economic integration in Africa. First are the theoretical reasons. These can be mapped out in various models that project impact. Second are the underlying evolutionary reasons, arising from lessons that are hard wired into human instinct. The chance of survival over the millennia seems to have been better when species lived in collaborative and supportive teams—as flocks, herds, prides, parliaments, villages and cities, and groups of nations. Third, and related to these, are existential reasons.

Forms of economic, social and political integration, as a way to continuously build and retain required capabilities, have been a rational response to threats of extinction and other significant threats to humankind, societies and regions, such as asteroids, climate change, wars, pandemics, vermin and inequity. Fourth are historical reasons. The powerful force of nostalgia can attach to memories of past unity, harmony and glory or to past struggles for emancipation, such as colonial struggles in Africa, which bond victors and survivors and oppressed peoples and nations. Fifth are structural reasons. These could be cultural or ethnic, for instance when artificial borders separate people with the same cultural background, who find such borders more than an inconvenience.

Or they can be economic, with the nature of the economies of groups of countries drawing them together for complementarity, clustering, proximity and efficiency. Pragmatism may point to regional integration as formalizing what is an overarching pathway to achieving public policy objectives, such as improved well-being and job creation through poverty eradication, wealth creation, equity and harmony, and political and macroeconomic stability.

Though not a holistic explanation of economic integration in Africa, the customs union theory was a good attempt to explain the impetus for regional economic integration, particularly along the lines of the European Economic Community model. Jacob Viner (1950) warned that the common external tariffs in a customs unions, if higher than previous tariffs, could protect inefficient domestic industries and thus divert trade from efficiently produced foreign products to inefficiently produced domestic products (trade diversion). However, elimination of tariffs among territories that join a customs union could increase their trade (trade creation). The conclusions were that customs unions do not necessarily lead to efficient outcomes and that common external tariffs should not be overall higher than prior tariff levels of the participating customs territories. Article 24 of the 1947 General Agreement on Tariffs and Trade (GATT) and later the 1994 GATT in the framework of the agreement establishing the World Trade Organization codified the principle that regional economic integration should aim to achieve higher levels of trade liberalization among members and not to impose barriers to trade with third countries. This customs union theory has been applied to free trade areas and replicated in Article 5 of the General Agreement on Trade in Services, calling for substantial sectoral coverage without a priori exclusions in liberalizing trade in services in regional integration arrangements (WTO, 2021).

Analyses reveal that global trade “materializes” largely from regional trade. Regional trade is resilient and supports global trade during episodes of de-globalization that may arise during periods of global shocks, such as the 2008 financial crisis and the 2020 COVID-19 pandemic, and as a result of nationalistic politics to address such issues as unemployment, secure supply chains and protection of small and medium enterprises (Arestis et al., 2012; Chortareas and Pelagidis, 2004).

Though Viner addressed the most favoured nation aspects of customs unions, as well as their economics, politics and prospects, the customs union theory as it has come to be applied in practice has focused on the effects of customs duties and not internal trade taxes, which were regulated by general trade rules prohibiting discriminatory tariffs on similar imported products. Article 3 of the GATT, for instance, requires national treatment. Because a theory that applies to the entire suite of trade policy instruments would be helpful, over the years trade rules have come to cover the broad swathe of trade complexities in a multilateral trading system that recognizes and builds on regional trade arrangements. The prohibition against discriminatory treatment of similar imported products, the requirement of national treatment and the expression of the most favoured nation principle provide, in effect, that products from every member country be treated the same as those from the most favoured nation. These principles are the bedrock of the multilateral trade regime and of regional trade arrangements with their raft of trade facilitating instruments (Jackson, 1997). Firming up a multilateral trade constitution remains unfinished, though the World Trade Organization and now the African Continental Free Trade Area (AfCFTA) represent bold interventions (Petersmann, 2012).

A major preoccupation in developing countries has been to bring idle resources into use, by building new industries and infrastructure, for instance, rather than using deployed resources more efficiently. Rather than frowning on trade diversion, developing countries supported it as an economic integration intervention that could build domestic industries. Developmental integration began to take root, encompassing several pillars: large markets for products and factors to build economies of scale, industrialization for social economic transformation, infrastructure for connectivity and competitiveness, political and macroeconomic stability as a sine qua non, and diplomatic agency in collectively addressing contemporary and global challenges. Sectoral integration addressed precise developmental challenges, for instance, in education, science, technology and innovation, natural resources, agriculture and wildlife. A large body of political economy and institutional literature encouraging regional integration among developing countries rapidly became influential (El-Agraa, 1988). Joseph Nye, for instance, undertook a pioneering study on the East

African Community (Nye, 1963), and Peter Robson produced some robust publications on economic integration in Africa (Robson, 1968). In Europe, broader concerns had taken root, embracing a holistic integration agenda, an ever-closer union. Functionalism and sectoral integration argued for technocratic cooperation, coordination and harmonization tracks in key sectors that enabled social and economic transformation and improvement of living standards, preferably beyond functionalism by supra-national institutions, though in practice they remained intergovernmental in nature. While a comprehensive survey of the evolution of theories of economic integration is quite informative (Hosny, 2013), it is more relevant for African integration to consider the history and practice of regional integration, especially in the context of the AfCFTA project involving 55 sovereign states and 1.37 billion people (in 2021), the biggest and most ambitious in the world.

In practical terms, evidence-based decisions on proposed arrangements and agreements for regional integration are made using econometric modelling designed to evaluate the overall welfare impact. This was done before embarking on major integration projects in Africa, such as the AfCFTA (Mevel and Karingi, 2012). In addition to other tools, the computable general equilibrium model has been persuasively used to evaluate the suitability of key integration projects, such as the COMESA–EAC–SADC (Common Market for Eastern and Southern Africa, East African Community and the Southern African Development Community) Tripartite Free Trade Area (Mold and Mukwaya, 2017) and the AfCFTA (Abrego et al., 2019), including from national perspectives (Doukoure, 2021). The empirical evidence of peer regional economic integration projects and organizations have also been taken into account, through studies or in-time presentations to meetings of decision-making bodies. Using metrics such as job creation and preservation, gender empowerment and protection of agricultural livelihoods, a human rights impact analysis can assist in ascertaining prospects for integration projects, as was the case with the AfCFTA, establishing that the impact would be positive (ECA and Friedrich Ebert Foundation, 2017).

A sense of urgency and mission is injected into the dynamics where the welfare impact would be positive, for instance in creating rather than destroying decent jobs and livelihoods, promoting food and nutrition security, transforming agriculture, contributing to gender empowerment and improving the lot of vulnerable sections of society. Decision-making may take all such analysis and evidence into account, along with other considerations such as peace and security, freedom and self-determination, cultural-historical affiliations, nostalgia and past greatness presumed or actual and the cooperative natures of particular leaders and communities, perhaps rooted in the evolutionary lesson of survival through working together. The vagaries

of negotiation processes, which can be subject to game theory notions of rationality and maximization of gains can take on a dynamic of their own, especially if negotiations are prolonged, as illustrated by the Stockholm syndrome. But when all is said and done, the challenges of implementation, dependent on will and capabilities, will eventually determine the existence and efficacy of regional integration arrangements and agreements.

An account of regional integration in Africa could benefit from a review of the economic and political history of the continent, its peripheral status over the centuries in the international economic order, and the development impetus across newly independent countries buoyed by the post-war optimism of the 1960s. All this led to the adoption of regional integration as the overarching continental strategy for political emancipation and economic transformation on the basis of collective self-help, self-preservation, self-expression, self-determination and freedom. These priorities of developmental economic integration remain undiminished well into the 2020s (Mangeni and Juma, 2018).

The pan-African movement held its first congress in 1900, initially concerned with improving the conditions and treatment of colonized peoples (Adi, 2018). By the 1945 congress, the movement had come of age, with robust diplomatic agency for decolonization. "Africa must unite" and "No African country is free until we are all free" were the highest expressions of the nature and content of the pan-African movement (Nkrumah, 1963). Pan-Africanism became the received wisdom and formed the ethos of political and economic thinking that drove the post-colonial era in Africa, providing the impetus for regional integration (Asante, 1991).

As a point of departure, the customs union theory evolved out of the post-war new world order initiatives under the Marshall Plan for economic recovery and for the formation of the European Communities; thus it was focused on developed economies (Craig and Burca, 1997). In contrast, pan-Africanist integration evolved out of decolonization struggles and became the foundation for the vision and roadmap for the post-colonial political and economic transformation of Africa. However, these systemic trajectories do not exhaust an accounting for regional integration as a phenomenon.

Within the universal scope of regional integration, there has been a practical necessity for situating action at manageable local levels. The epitome of universality in policy and implementation would be a world government. Global institutions may embody this aspiration. Yet the inadequacy of this vision is evident in the way global institutions have sought a localized presence within regions and countries. Indeed, the practical and age-old principle of subsidiarity calls for operations at the immediate or lowest suitable level. Together with subsidiarity,

intergovernmental or non-state-actor based functionalism is a pragmatism that has informed the subject-specific and problem-focused specialization of global and regional institutions.

While some would argue that the first best option would be a global multilateral market, as the logical and optimum scope of benefits accruing from large markets, and similarly that a functioning global economic order and a codified constitutional order would be the Holy Grail. But the world is a large and complex place. Second best options have thus co-existed and facilitated progress towards first best options. Appropriate, indeed, is the old Italian proverb cited by Voltaire "let the best not be the enemy of the good."

Regional integration between contiguous or dispersed territories can be appropriate in addressing crises and taking advantage of opportunities that are geographically localized or particularly relevant to local actors. The poet of thermodynamics and chemistry, Nobel peace prize laureate Ilya Prigogine, studied the way order tended to emerge from chaos. His insight was that when society gets pushed into disequilibrium, a self-organizing process that is not predetermined tends to start fighting back until a tipping point is reached when possibilities that lie in the future are seized and actualized. This resonates too with the idea of institutions as complex adaptive systems and the inexorability in the life sciences of simple forms growing into complex forms that are better able to cope with eventualities (Kondepudi, Petrosky and Pojman, 2017).

As practiced in Africa, regional integration has been a phased process, moving from free trade areas (free movement of goods) and customs unions (with a common external tariff) to common markets (free movement of goods, services, people and capital; rights of establishment and holding property), economic unions (coordination and harmonization of sectoral policies), monetary unions (harmonization of monetary policy and adoption of a single currency) and finally confederations or federations (a common government) (Balassa, 1961). In Africa, only the EAC, however, aims to be a federation or confederation, an exercise and ideal still fraught with uncertainty though very much still on the table.

These phases, though, are not implemented in compartmentalized or linear ways. Rather, the pragmatic approach is taken of implementing whatever elements are required for development and social economic transformation. Typically, then, regional integration organizations will simultaneously have programmes for free movement of goods, services and people; investment promotion and industrialization; competition and intellectual property regimes; and macroeconomic convergence and stability, as well as peace, governance and political stability. They will pursue such programmes even though they are nominally considered to be free trade areas because they have

not implemented a common external tariff, which is considered a revenue- and sovereignty-sensitive element. The nomenclature of regional organizations in Africa, therefore, tends to refer to the final goal and ambition, such as customs union, common market or economic community or union, rather than portraying the actual programmes under implementation.

Programs for macroeconomic and political stability and peace and security, for instance, have not waited for the stage of economic and monetary union or federation but have been actively pursued in free trade areas and common markets as critical success factors for social and economic transformation. Regional integration has increased in intensity across a broad spectrum, ranging from functional agencies and technical arrangements to highly political organizations. Functional agencies have been formed by and affiliated with integration organizations at the regional and continental levels. While COMESA is more of a technical-oriented organization, the Economic Community of West African States (ECOWAS) and SADC are considered politically sensitive, as is the AU. Technical organizations tend to prioritize trade and investment, while more political organizations also give prominence to peace and security components. Self-regulating professional associations and feelings of nostalgia can also shape the character and speed of regional integration, as in the EAC, for instance.

Regional integration in the various regional economic communities took off as a response to specific existential crises. That initial impetus tended to shape the ethos and character of the regional organization. The political ideology and culture of the dominant countries and economies within the regional organizations also left imprints on the character of the regional organizations. Globalization has spread the cultures of more powerful countries to neighbourhoods across the world, particularly through the media and audio-visual industry, cross-border telecommunications companies and financial institutions, travel and tourism and business and investment. Modern cultural integration has resulted in economic integration enclaves around transnational business models, a type of sectoral economic integration driven by the private sector rather than by governments. Examples include regional and continental mobile telephone networks, cable and satellite television companies and cross border banking. Various professional associations have established cross-border operations and self-regulation, speeding up liberalization and integration in trade in services.

In trade integration, it is customs territories with autonomy in the conduct of their external commercial relations that enter agreements and take on rights and duties rather than nation states. Taiwan and Hong Kong are examples of such customs territories that are

recognized members of the World Trade Organization. Within Africa, customs unions have been recognized as blocs in trade negotiations. For instance, in negotiations for the COMESA-EAC-SADC Tripartite Free Trade Area, both the EAC and the Southern African Customs Union (SACU) negotiated as blocs. SACU, ECOWAS, and the Central African Economic and Monetary Community (CEMAC) have produced tariff offers as customs unions in the negotiations for the AfCFTA. Trade integration, though, is not the sole format for regional integration. Elements of cultural, social, economic, political and security integration often feature in integration agenda.

There is thus a rich tapestry of regional integration in Africa. This has resulted from experimentation and institutional engineering and has yielded many good practices for replication across other regional organizations and for consolidation at the continent level.

A severe challenge has been the inability to achieve a critical mass of leaders for regional integration, in government, industry, civil organizations and academia.

The Bane of regional integration in Africa

Regional integration in Africa has faced grave challenges, with an overall assessment of bold but sub-optimal performance. The bane of regional integration in Africa is that, on the whole, it is not owned by its key stakeholders in its daily activities and in short- to medium-term programming in government and industry. It seems to be neither broadly visible nor of practical worth to many stakeholders. Regional integration will have relevance and presence when users and beneficiaries find practical value in it.

It seems to be the default position of government and industry in Africa to prefer global over regional markets, seeing them as offering more value. The big countries and commodity-dependent economies (minerals and fuels) trade far more with the rest of the world than with Africa (Mold and Mukwaya, 2017). It should be too late in the day to fall back on the century-old colonial infrastructure and policy structures that oriented the periphery to the metropolises. Former colonies in other regions have not been held back by this legacy. In light of the demonstrated potential of regional value chains and markets and of current technological capacity, options now exist for establishing wholly new industries and diversifying markets and products.

As a bloc, the AfCFTA constitutes the fifth largest economy in the world. Africa is poised to become the growth pole of the global economy. It has a combined population of 1.37 billion people with a median age of 19.7 years and a majority (60 per cent) youth population. It is endowed with 42 of the 63 minerals needed for the fourth industrial revolution and 60 per cent of the world's un-utilized arable land. Business and consumer spending in Africa already stands at \$4 trillion annually. Yet, 22 of the 25 poorest countries in the world are in Africa (UNU-INRA, 2019; Bughin et al., 2016)

A severe challenge has been the inability to achieve a critical mass of leaders for regional integration, in government, industry, civil organizations and academia. Champions of regional integration have been in the minority since the heyday of political pan-Africanism in the 1950s and 1960s. Priorities have remained largely national rather than regional or continental.

In episodes and on issues where clear and strong leadership has been available, impressive progress has been made on regional integration. An example is the AfCFTA, which was ratified and entered into force in a record time of one year and two months. Another example is the EAC, which advanced from a customs union in 2005 to a functional common market in 2010, though important implementation challenges remain.

As a political process requiring government-led vision, objectives and programmes, regional integration has suffered from leadership that has been manifested only in fits and starts. This lack of consistency and sustainability has undermined impact. Without an effective, consistent long-term vision for regional integration, governments have been spread too thinly driven by political expediency in reacting to crises.

A related challenge has been institutional disconnects, especially among government ministries and departments, in many cases isolating regional integration as a marginal issue. Coherence across ministries and departments would mean mainstreaming regional integration into public policy and institutions. While there has been no shortage of legal, policy and programme instruments for regional integration, their inadequate implementation has been legendary. Inadequate implementation can be attributed to bad managers. Results-based management has not been adequately adopted continent-wide into regional integration. Rather, regional integration has been more of an annual or bi-annual festival.

On the other hand, institutions and programmes with good management have produced results. A challenge has been that such well-managed institutions and programmes have been the exception rather than the norm. A severe shortage of human resource capabilities, both in numbers and skill-sets, has compounded the difficulties of regional integration in Africa.

Human resource planning for adequate staffing levels and for required competencies should be prioritized in an all-of-government approach. Given that structured formal education in regional integration is quite rare in Africa's institutions of higher learning, this lack of human resource capabilities is not surprising.

The inadequate funding for regional integration has been in stark contrast to pronouncements that suggest urgent political will. In national budgets, tiny or no allocations to regional integration are common. The short-changing of budgets for regional integration organizations arises not only because of mismanagement, distrust, top-heavy structures and bad programme performance, but equally from a scarcity of funds that national treasures can allocate to regional integration activities. Development partners have often stepped in to foot the bills, in turn demanding (and deserving) a say in the programming of African regional integration. Autonomous financing of regional integration has therefore been a top priority.

The human element should never be ignored as a life-giving ingredient of regional integration (Brooks, 2011). Personalities matter. Brutal personalities, loud bosses who never listen and sheer incompetents will destroy regional organizations and sap efforts and enthusiasm for programme implementation, as has indeed happened in several organizations. Bad manners, laziness, intrigue and unprofessionalism also come into play as destructive forces. Communication failures within organizations and with stakeholders also undermine the success of regional integration. Clarity of messaging is a critical success factor. The quality of the mind, body and spirit of secretariat staff and government officials matters immensely, underlining the importance of (often neglected) mental health and support teams. The psychology of regional integration in Africa can no longer be neglected.

These challenges are compounded by weak secretariats. It is amazing that, as the technical mainstay of regional integration, secretariats can still lack the powers and resources for implementation and enforcement. The profile of senior secretariat staff should match that of staff at higher levels of government, and staff expertise should rank with the best in the world. Secretariats staff should have the best expertise, character, motivation, mood and trustworthiness.

It is likely that shortcomings at the national level are compounded and concentrated at the regional and continental levels. Dysfunctional governments will produce dysfunctional regional organizations. National apathy and laziness, poverty and corruption, disorder and misrule are carried into regional institutions, sabotaging the implementation of regional programmes. In line with the sublimity principle, regional integration organizations should gather and reflect the best that member countries and stakeholders have to offer. Secretariats could then enjoy the respect of governments and stakeholders in the region and around the world, which can facilitate regional integration.

Ways forward

These challenges have attracted considerable attention at regional, continental and national levels, and resulted in some learning. To improve ownership, outreach programmes for stakeholder engagement, awareness creation and capacity building have been integrated into regional strategic plans. More important, dialogue between the private and public sectors has been encouraged, and private sector institutions have been given a say in decision-making. This feedback and input mechanism assists regional integration in focusing on real issues of concern to stakeholders and beneficiaries and improves their relevance.

Strategic plans focus the resources and efforts of the organization on identified priorities for high impact for periods of 5 years, as in COMESA, to 10 years, as in Agenda 2063. COMESA's medium-term strategic plans focus on trade, customs and trade facilitation, industry, agriculture, private sector development, infrastructure, information and communications technology, gender, statistics, resource mobilization and partnerships. The EAC has a best practice of setting a specific stage of market integration and development as an overarching goal for its strategic plans. Its successive plans resulted in the customs union in 2005, the common market in 2010 and the monetary union protocol in 2013. The fifth strategic plan (2016–2021) and the sixth (2021–2030) have maintained the same development goal of attaining stable, competitive and sustainable lower middle-income status for the region. There also sectoral strategies, such as the industrialization strategies of the EAC (2012–2032) and COMESA (2015–2030), as well as various continental instruments such as Accelerated Industrial Development for Africa, Programme for Infrastructure Development in Africa and the Action Plan for Boosting Intra-Africa Trade.

Rapid systems for addressing trade disputes, particularly non-tariff barriers, have been put in place for functioning free trade areas. The COMESA, EAC and SADC Tripartite Free Trade Area developed an online system freely available to the public (www.tradebarriers.com) that can be used in real time to report and address non-tariff barriers; it performs at a success rate of over 90 per cent. Various initiatives for leadership training and entrepreneurship now span Africa. Innovation competitions attract young entrants into industry and help grow economies. Governance programmes seek to improve democracy and the rule of law. Regional organizations, academia and philanthropists actively support these interventions. Private sector institutions and individuals who have stepped forward with resources and time to support continental integration include AfroChampions, Alick Dangote, Tony Elumelo, Mo Ibrahim, Strive Masiyiwa and Olusegun Obasanjo, among others (<https://www.philanthropistsinafrica.com/philanthropists-in-africa/>).

In addition to long- and medium-term strategic plans, internal and external audit systems and results-based performance have been adopted to improve management of regional organizations, along with merit-based recruitment and performance assessment. Recognizing the importance of strengthening regional integration organizations, the AU adopted sweeping reforms in 2017, aiming for a better definition of and focus on efficient management, autonomous financing (through a 0.2 per cent levy on customs duties), quality control of meetings by focusing on a few critical issues, rationalization of the bloated bureaucracy and improved coordination with regional economic communities and other institutions supporting continental integration (Kagame, 2017). To promote efficiency, reviews are undertaken through independent bodies and committees of regional organizations and the AU. Annually, through statutory meetings, regional integration organizations review programmes, performance and capabilities and plan ahead. These reviews provide opportunities for introspection, retrospection and improvement.

Much has been done. But much remains to be done.



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5. FROM RATIFICATION TO IMPLEMENTATION OF THE AFRICAN CONTINENTAL FREE TRADE AREA: WHAT WE HAVE LEARNED IN THE STATE PARTIES

Komi Tsowou and Mahlet Girma

Introduction

Africa's recent economic growth, partly spurred by the early 2000s commodity boom, has not been adequately translated into equitable human development due to limited value added across the continent (ECA, 2015; Nkurunziza, Tsowou and Cazzaniga, 2017). Although the COVID-19 economic toll is yet to be fully understood, it is clear that the pandemic has increased the vulnerability of African economies to "remote" world markets (ECA, 2020a). A key lesson from the pandemic is that Africa needs to produce more of what it consumes, including processing more of its natural resources. This change cannot happen, however, without integrated economies. The fragmentation of African markets, coupled with numerous barriers to trade such as high tariffs, cumbersome border procedures and significant infrastructure bottlenecks, limits the ability of businesses operating within the continent to achieve economies of scale (ECA, 2015). As a result, businesses find it challenging to build competitive productive capacities for regional and international trade of value-added products capable of generating much needed well-paid jobs for Africans.

The African Union Heads of States, in establishing the African Continental Free Trade Area (AfCFTA), demonstrate their explicit commitment to undertake major structural reforms to integrate Africa in support of inclusive and diversified economies. The broad scope of the AfCFTA Agreement—covering trade in goods and services, investment, intellectual property rights, competition policy and digital trade—moves it beyond the requirements of a traditional free trade area. If effectively implemented through well-functioning mechanisms, the AfCFTA will catalyse Africa's structural transformation while boosting investments, production, trade and investment between countries and among regional economic communities (RECs). According to recent forecasts by ECA (2021a), full implementation of the AfCFTA Agreement would increase Africa's overall GDP by 0.5 per cent (or \$55 billion), exports by 5.1 per cent (about \$110 billion), imports by 4.7 per cent (around \$110 billion), output by 0.3 per cent (nearly \$55 billion) and welfare by 0.4 per cent (close to \$3 billion) by 2045 as compared with a situation without AfCFTA. The World Bank (2020) estimates that the Agreement can contribute to lifting 30 million Africans out of extreme poverty.

The "operational phase" of the AfCFTA started on 1 January 2021, with efforts to ensure the effectiveness of trading under the Agreement. Drawing on the authors' engagement with various national and regional stakeholders between 2019 and 2021,⁹ this chapter attempts to answer the following questions: What are the key challenges to implementation of the AfCFTA so far?

What lessons can we learn at the country and RECs levels? How are the key elements anchored in the AfCFTA being implemented at the country level? Which complementary interventions, including monitoring mechanisms, are required to realize the main objectives of the free trade area?

The AfCFTA, through progressive reduction and removal of tariffs and non-tariff barriers, will potentially consolidate African economies into a large continental market, creating an enabling environment for economies of scale needed by businesses to produce and trade more of what Africa consumes. This chapter reviews the critical elements needed to ensure a well-functioning AfCFTA at national, regional and continental levels. It draws on the literature and key inputs from engaging with the African Union (AU) Member States in the development and implementation of national and regional AfCFTA strategies.¹⁰ It looks beyond theoretical considerations to address practical issues and offer evidence-based policy recommendations to governments, private entities and development partners with a view to accelerate the implementation of the AfCFTA. It posits that harnessing the promises of the AfCFTA will not be achieved overnight because provisions of the Agreement must first be translated into national and regional frameworks and implemented expeditiously. To begin with, ratification of the AfCFTA is critical. Efforts need to be deployed to support all State Parties in consensus building to secure ratification of the Agreement. In addition, there is a need to build on the ongoing political momentum to design and apply measures including policy reforms and other interventions that are anchored within the scope of the Agreement. Also important is to ensure a leading role for the private sector alongside government in establishing an enabling environment within the free trade market.

The following section briefly reviews the main impediments to regional integration in Africa and documents some success stories, where countries across the continent have leveraged trade agreements to promote value addition. The next section puts the AfCFTA into context by examining the key challenges in implementation of the Agreement at national and regional levels. This is followed by a discussion of policy recommendations to address current and anticipated bottlenecks in support of a well-functioning AfCFTA.

Africa's path towards regional integration

Regional trade agreements (RTAs) in Africa might have contributed to expanding intra-African trade, but they have not fully reached their initial expected outcomes (Abrego et al., 2020). Hence, African intra-regional exports remain a low proportion of total exports (17 per cent),¹¹ especially compared with other regions, including Europe (69 per cent), Asia (59 per cent) and North America (31 per cent) (ECA, 2019). In addition, the continent's participation in global value chains (GVCs) is still dominated by exports of raw materials (COMESA, 2020).

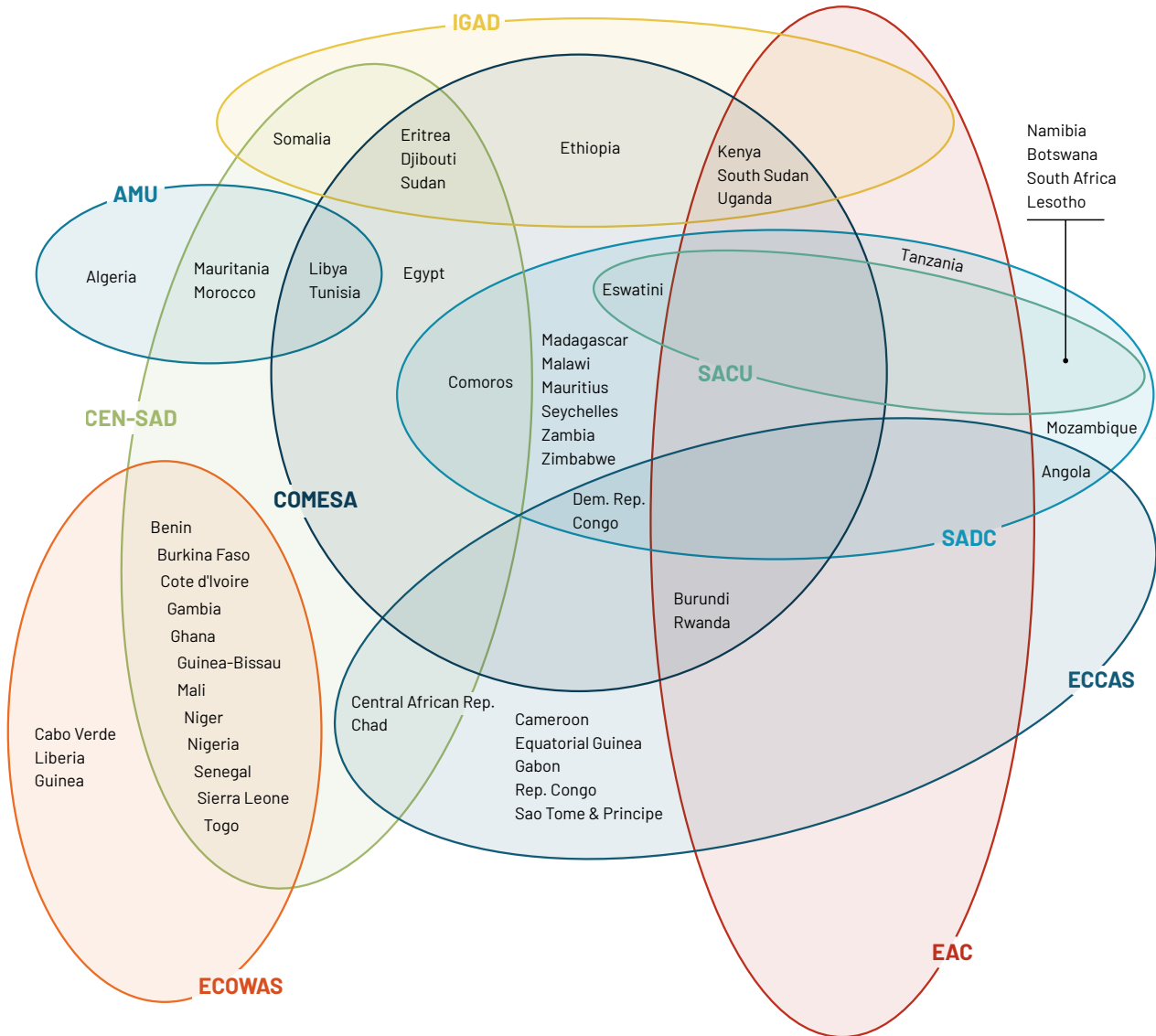
Studies have identified several critical impediments to fuller implementation of RTAs in Africa. These include lack of political commitment in most countries to RTAs, which translated in a weak or no implementation of agreements (Abrego et al., 2020; Apiko, Woolfrey and Byiers, 2020). The absence of a robust institutional framework to support implementation and the ineffectiveness of compliance mechanisms in monitoring and sanctioning Member States that do not comply with the commitments have similarly contributed to the underperformance of the RTAs (Apiko, Woolfrey and Byiers, 2020). Other challenges relate to a lack of human and financial resources capacity to support effective implementation of RTAs (Berger et al., 2020). The exclusion of key stakeholders including, the private sector and the civil society, from the regional integration process has also limited the outcomes of the RTAs (UNCTAD, 2015).

Long-persisting infrastructure bottlenecks further hamper regional integration efforts (Geda and Seid 2015; Kimenyi, Lewis and Routman, 2012; UNCTAD 2019, 2021; Udombana 2020). Efforts have however been deployed at all levels to support investment in both soft and hard infrastructure assets. For example, at the national and regional level, the \$25 billion Lamu Port–South Sudan–Ethiopia Transport (LAPSSET) Corridor Program integrating roads, railway and pipeline components is financed by domestic resources from Ethiopia, South Sudan and Kenya and by foreign private investors. Likewise, at a global level, the World Trade Organization (WTO)-led Aid for Trade initiatives support African countries in tackling supply-side capacity and trade-related infrastructure deficits. Aid for Trade disbursements to Africa increased from \$11.95 billion in 2010 to \$18.50 billion in 2019 (UNCTAD, 2021). However, the infrastructure gap is still huge, and the investment requirements are high, at around \$100 billion a year (ECA, 2020b).

Several African countries belong to two or more RECs (figure 5.1). This overlapping membership raises the issue of coordination and has been a burden to implementation efforts, such as attempts to address tariff and non-tariff barriers and regulatory harmonization (Abrego et al., 2020; Kuhlmann and Agutu, 2020). For instance, the rules of origin applied through various trade agreements at the RECs are very heterogeneous (ECA, AUC and AfDB, 2019; Tsowou and Davis, 2021). In some instances, trade officials and businesses have to cope with diverging trade rules and practices being applied to the same product or service. Such processes impose a high compliance cost on businesses and reduce the efficiency of intra-regional trade (Chacha, 2014; Tsowou and Davis, 2021).

Therefore, the success of AfCFTA implementation at the national, regional and continental levels will partially depend on the extent to which the State Parties addresses current challenges to regional integration as well as tackling emerging issues. The political momentum and leadership experienced during the AfCFTA negotiations process (box 5.1) should be kept throughout its implementation phases.

Figure 5.1 Overlapping memberships in regional and sub-regional trading blocs across Africa



Source: Authors, based on documents from the regional economic communities, as of December 2021.

Box 5.1 Establishing the African Continental Free Trade Area: The roadmap

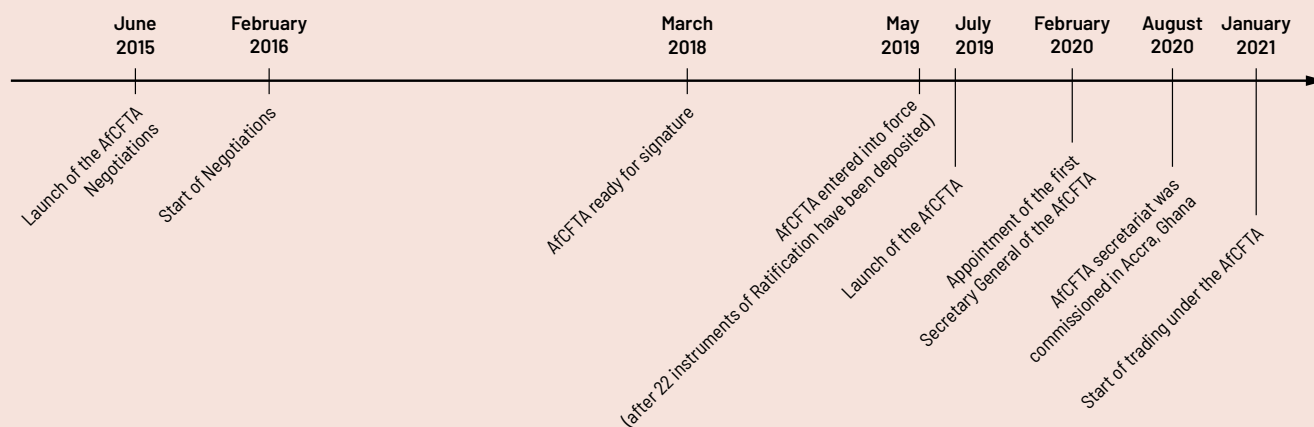
In line with the Abuja Treaty signed in 1991 on establishing the African Economic Community, the 18th Ordinary session of the Assembly of the African Union (Addis Ababa, January 2012) endorsed the Action Plan on Boosting Intra African Trade (BIAT) and agreed to establish a Continental Free Trade Area, with 2017 as a provisional timeframe for its operationalization. Subsequently, in June 2015, during the 25th Ordinary Session of the Assembly, AU Heads of State and Government agreed to launch negotiations towards the creation of the African Continental Free Trade Area (AfCFTA) and endorsed the following documents: the objectives and principles of negotiating the Agreement, the indicative roadmap for negotiating and establishing the AfCFTA, the terms of reference for the AfCFTA Negotiating Forum, the institutional arrangements for the AfCFTA negotiations, and declaration on the launch of the negotiations for the establishment of the AfCFTA.

The responsible institutions involved in the discussions and negotiations included the AfCFTA Negotiating Forum; the Continental Task Force (including the AU Commission, the regional economic communities, the United Nations Economic Commission for Africa, and the African Development Bank); technical Working Groups; and the Committee of Senior Trade Officials and African Ministers of Trade.

Negotiation of the AfCFTA Agreement began in February 2016. On 30 May 2019, the AfCFTA entered into force, 14 months after the 10th AU Extraordinary Summit was held in March 2018, when 44 African Union Member States signed the Agreement Establishing the AfCFTA. The AfCFTA was officially launched on 7 July 2019, during the 12th AU Extraordinary Summit.

In February 2020, Wamkele Mene was appointed the first Secretary-General of the AfCFTA Secretariat, and in August 2020, the AfCFTA Secretariat building was commissioned in Accra, Ghana. Commencement of trading under the Agreement, initially planned for 1 July 2020, was delayed due to the COVID-19 restrictions. On 5 December 2020, the 13th Extra Ordinary Session of the Assembly adopted 1 January 2021 as the official start date for trading under the AfCFTA.

Key milestones in the negotiations of the AfCFTA Agreement



Source: Authors, based on various documents consulted, including unpublished meeting reports.

From ratification to implementation of AfCFTA: key issues at national and regional levels

Individual countries and RECs are developing their AfCFTA national or regional implementation strategies with clear plans of actions to fully benefit from the Agreement (AU, 2018a). The overarching goal of the AfCFTA national strategies is to complement a country's broader development framework with a focus on the trade policy environment. A country's national strategy identifies key value addition and trade opportunities, constraints and measures, including policy interventions and capacities required for it to take full advantage of the AfCFTA Agreement (ECA, 2021b).¹² Key components that are examined in the AfCFTA national strategies are presented in box 5.2.

Box 5.2 Key components of national strategies for the African Continental Free Trade Area

The following are the key issues analysed in the African Continental Free Trade Area (AfCFTA) strategy documents.

- **Macroeconomic framework, production and trade:** review of the macroeconomic framework, production systems and trade patterns for goods and services.
- **AfCFTA situational analysis:** analysis of institutional frameworks and capacity gaps and needs to ensure effective implementation of the AfCFTA.
- **AfCFTA-related risks and mitigation actions:** assessment of potential risks and cost adjustments resulting from implementation of the AfCFTA Agreement and identification of mitigation actions.
- **Identification and prioritization of production and trade opportunities:** identification of market opportunities and prioritization of sectors and products/services for value addition, trade and regional value chain development.
- **Constraints to overcome and strategic actions required:** review of constraints and potential impediments that, if not addressed, would undermine countries' competitiveness and their ability to make the most of AfCFTA and identification of actions to address them.
- **Strategic objectives, action plan and monitoring and evaluation framework:** mapping of strategic objectives and preparation a plan of action with a sound monitoring framework that contribute to improving countries' trade performance within the AfCFTA context.
- **Cross-cutting issues:** analysis of issues such as inclusivity, gender equality, youth employment, environmental, climate change and technologies.
- **Financing implementation of the AfCFTA Agreement:** identification of potential sources of funding to support the effective implementation of the Agreement.
- **Communication and visibility plan:** development of an awareness-raising mechanism for a better understanding of the AfCFTA agreement among the stakeholders

Source: ECA, 2021.

The AfCFTA strategy documents suggest that there is a consensus among most of the stakeholders, who see the AfCFTA as a unique opportunity for Africa to advance its integration agenda and economic diversification (AU, 2019). The strategy documents also highlight emerging issues at national, regional and continental levels that need to be addressed in order to realize the expected benefits. Most of the countries that have developed their AfCFTA implementation strategies have in common several emerging issues, depicted in the strengths, weaknesses, opportunities and threats analysis (table 5.1). The ultimate ambition for the AfCFTA States Parties is to design strategies that build on their strength, boost weaker areas, offset threats and maximize opportunities.

Table 5.1 Main emerging issues in the African Continental Free Trade Area (AfCFTA) national strategies: Strengths, weaknesses, opportunities and threats analysis

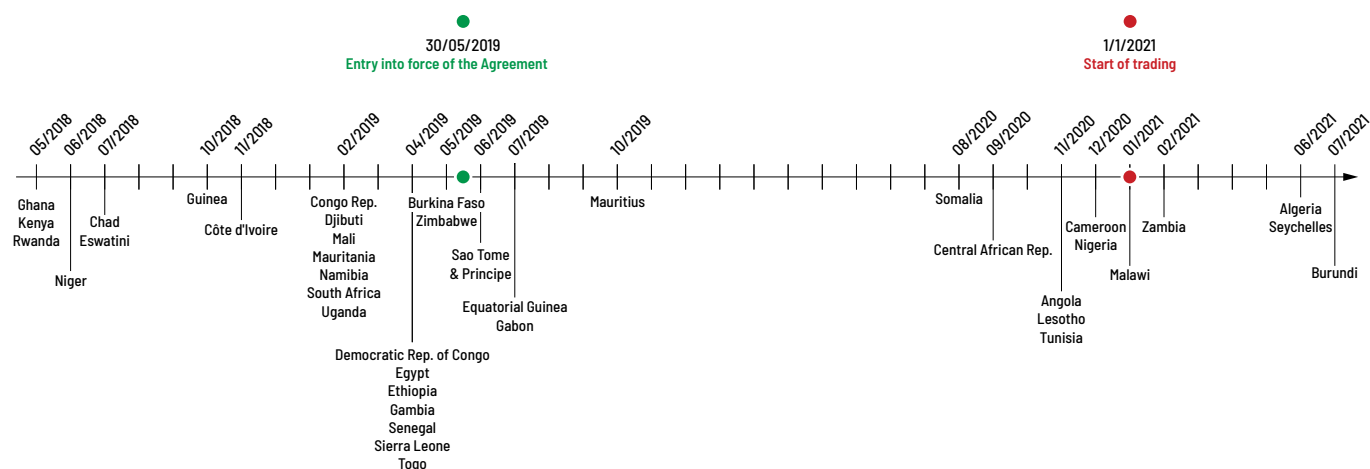
Enabling factors for achievement of AfCFTA objectives	Potential impediments to address to realize the AfCFTA promises
Strengths	Weakness
<ul style="list-style-type: none"> Existing strong national leadership/political will at national level demonstrated through the signing and ratification of the AfCFTA Commitment to implement sound macroeconomic policies to attain structural economic transformation Existence of a National AfCFTA Committee (e.g., Côte d'Ivoire) or National Trade Facilitation Committee Existence of a legislative and regulatory framework enabling technological innovation (e.g., incubation centres) Existence of export promotion and industrialization strategies Experience and achievements in international cooperation and economic integration High availability of natural resources for value addition (e.g., abundant endowments of land, agricultural, forestry and mining resources) Existence of potential production and trade support services (transport facilities, access to energy, etc.) Existence of strong private sector capacity to produce and trade goods and services Existence of potential resilience and disaster mitigation measures 	<ul style="list-style-type: none"> Low ownership of the AfCFTA Agreement and lack of knowledge of the AfCFTA by most economic operators Duplication of regulatory rules and policies, and weak coordination of monitoring and evaluation framework Absence of a National AfCFTA Committee (e.g., members not formally appointed, operating budget not yet implemented) Inadequate regulatory and institutional environment for trade promotion and industrialization Weak production and trade support infrastructure (e.g., energy, transportation, connectivity) Unattractive business climate, high cost of production factors (e.g., water, electricity, telecommunications, port logistics), delays, legal insecurity Socio-economic and political instability at the national level High prevalence of informal sector Difficulty for companies to access credit, particularly export financing, especially for small and medium companies and disadvantaged social categories (women, youth) Poor promotion and investment on technological innovation and research and development Limited involvement of the private sector in defining diversification plans/strategies Illicit trade practices (e.g., counterfeits, dumping, smuggling) Vulnerability to external shocks (such as COVID-19)
Opportunities	Threats
<ul style="list-style-type: none"> Potential increase in intra-Africa trade through new or expanded business and market opportunities resulting from more integrated African markets Proximity to large regional markets that could offer market opportunities under the AfCFTA Increased diversification and valued added exports and reduction of risks associated with the volatility of commodity prices and uncertainty on external markets Dispute resolution mechanism that would promote the elimination of non-compliance with the principles of reciprocity AfCFTA online mechanism for notification, monitoring and elimination of non-tariff barriers accessible to the private sector Pan-African Payment and Settlement System Regulatory convergence in services trade under the AfCFTA protocol on services (e.g., harmonization of financial and banking sector rules, to create stronger banking structures and facilitate transactions between countries) Increased capacity of the economy to create jobs, especially for youth and women (improved entrepreneurial dynamics and trade expansion) Opportunities for technology transfer and diffusion associated with exports, competition and foreign direct investment Technical and financial support from partners in implementation of the AfCFTA 	<ul style="list-style-type: none"> Loss of government revenue associated with tariff liberalization Non-compliance and non-enforcement of AfCFTA rules by regional partners, which could distort competition Lack of harmonization of standards at the national and sub-regional levels. Overlapping membership of RECs/ conflicting trade regimes at regional level Misalignment of other bilateral trade agreements signed by the country and the AfCFTA provisions Inadequate awareness of opportunities within the continent External shocks leading to socio-economic instability in the short, medium and long term, including those resulting from the COVID-19 pandemic Socio-political instability in some regions Disparities in economic development levels under the AfCFTA Increased influx of illicit goods and counterfeits Environmental degradation Loss of jobs due to short-term cost adjustment in less competitive sectors

Source: Authors, based on analysis of 15 AfCFTA National Strategies that were validated at the time the chapter was written: Burkina Faso, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Guinea, Malawi, Mauritania, Niger, Senegal, Sierra Leone, The Gambia, Kenya, Togo, Zambia and Zimbabwe.

The strategy documents acknowledge the need for an integrated institutional mechanism—for instance, under the coordination of a national AfCFTA committee—to oversee implementation and monitoring of the Agreement. Zambia, for example, suggested that implementation, monitoring and evaluation of the strategy will be under the auspices of an AfCFTA National Implementation Committee, which will manage, direct, monitor and evaluate implementation of all activities and programmes incidental to the AfCFTA.¹³ The Democratic Republic of the Congo indicated that the mandate of the existing National Trade Facilitation Committee could be expanded to include the AfCFTA issues.¹⁴ The strategy documents also stressed the importance of inclusivity of committee members; in this regard, both the public and private sectors should be represented. Zimbabwe recommended that the National Implementation Committee be co-chaired by the Ministry of Foreign Affairs and International Trade and a representative organization from the private sector.¹⁵ Most strategies highlighted the lack of human and financial resources to establish and run the AfCFTA National Implementation Committee. For example, The Gambia recognized that funding limitations would be a key issue in preventing full implementation of its National AfCFTA strategy.¹⁶ At the same time, Malawi stressed that human resource constraints and multisectoral planning and budgeting limitation were significant challenges for implementation.¹⁷

As of 31 July 2021—six months after the official launch of trading of the AfCFTA—not all the signatory countries had ratified the AfCFTA Agreement (40 AU Member States had done so) (figure 5.3). Although the rights, provisions and obligations of the AfCFTA legally apply to the countries that have deposited their instruments of ratification, only a few countries, including Egypt, Ghana and South Africa, have the required AfCFTA-related customs procedures in place to trade under the Agreement (Luke, Ameso and Bekele, 2021), and not all the countries have submitted their tariff concession schedules. Furthermore, negotiations are still ongoing, including on rules of origin for a few tariffs lines, tariff concession schedules and settings for trade in services in the priority areas, among others. Hence, many countries are reluctant to ratify or implement the AfCFTA Agreement before the negotiations are finalized.¹⁸ Moreover, despite the Agreement’s promises to protect fragile economies through a differential liberalization schedule, these economies are hesitant to translate their commitments into concrete actions.

Figure 5.3 African Continental Free Trade Area Agreement ratification, month and year of ratification by country



Source: Tralac, 2021.

The late ratification by some countries affects the integration efforts under the Agreement, especially in the case of the existing custom unions that deposited joint regional schedules of tariff concessions to maintain their common external tariffs. The South African Customs Union (SACU) is a good example. Botswana is a member of SACU and has not yet ratified the AfCFTA (as of November 2021); thus, it cannot start trading under the AfCFTA with the SACU common external tariff (ECA, 2021c). Regional integration challenges exist as well in custom unions in which member countries have individually signed and ratified interim Economic Partnership Agreements, exacerbating overlapping membership issues, including on rules of origin, regulation compliance and border control measures. Divergences in prevailing trade rules across Africa, such as rules of origin, also make harmonization difficult (Tsouou and Davis, 2021). For example, Cameroon is a member of the Central African Economic and Monetary Community and the Economic Community of Central African States but also has bilateral trade agreements with Côte d'Ivoire, Morocco, Nigeria and Tunisia; however, the weak appropriation of the various trade policy texts, the poor compliance with regulations by the various stakeholders and the lack of convergence in trade policies in the central African region result in high transaction costs and hinder the development of trade and the establishment of regional value chain.¹⁹The Malawi strategy document states that the AfCFTA Agreement implementation will have to carefully handle the rules of origin considering the various economic partnership agreements between African countries and regions outside Africa such as the European Union, BRICS (Brazil, Russian Federation, India, China and South Africa) and others.²⁰

Furthermore, for a country to take full advantage of the growing regional demand expected to be generated by the AfCFTA (for example, Democratic Republic of the Congo's imports from the rest of Africa are expected to increase by 32 per cent²¹), most strategy documents stress the need to eliminate trade barriers, including several regulatory approvals, multiple and uncoordinated licensing requirements, cumbersome customs procedures and other border processes and practices. The documents also recognize that harmonization of standards and certification is critical as it remains a barrier for cross-border trade. Mauritania highlighted that the country's quality control and certification services do not have adequate means to issue certificates recognized by the authorities of the importing countries.²²

In addition, the strategies also highlight inadequate infrastructure, including transport and logistics, energy, and information and communications technology, as a significant challenge for intra-Africa trade. According to a recent study, the establishment of the AfCFTA could increase intra-African freight demand by around 28 per cent compared with the no-AfCFTA scenario (ECA, forthcoming). In most of the countries, only a limited portion of the roads network is paved (for example, 25 per cent in Guinea²³). In addition, regulatory provisions and frequent checkpoints by trade officials and police along transport corridors significantly increase trade costs. For example, in Cameroon estimates indicate that checkpoints and other roads harassment increase transportation costs by up to 25 per cent. And because alternative modes of transports such as rail, water and air are generally inadequate, most traders considered road transport for regional trade even though it is more costly. Despite 750 kilometres of coastline in Mauritania, only the northern pole has the needed port infrastructure (Nouadhibou, Nouakchott and Tanit).²⁴ Sierra Leone's exports often pass through Europe before reaching Nigeria because of convoluted transit routes and high shipping costs.²⁵Besides, most strategies pointed to the lack of adequate facilities to ease trade, such as storage space, cold rooms and warehouses. For instance, in Sierra Leone, the export of vegetables, fruit and other perishable goods is limited due to the lack of appropriate cold chain facilities.²⁶Access to energy is also limited in most countries, hindering industrial transformation. In addition, low digital penetration rates are a key challenge mentioned in most strategy documents. For example, only 7 in 1,000 are connected to the broadband network and only 16 in 100 have access to the Internet.²⁷

Moreover, the strategy documents underlined that these trade barriers especially handicap the micro, small and medium enterprises, particularly youth and woman traders. In Cameroon, for example, women own 52.3 per cent of such firms compared with 47.7 per cent for men.²⁸ Thus, many smaller firms prefer to operate informally to avoid the high cost of complying with formal institutional frameworks and technical regulations. In The Gambia, for example, 77 per cent of micro, small and medium enterprises are not registered,²⁹ while in Mauritania, 44 per cent of traders are informal.³⁰ Most strategy documents, recognizing that the high prevalence of informal sector activity impedes trade, insisted on the need to address the constraints faced by the firms operating in the informal sector to enable them to trade formally.

Policy implications

The findings of this chapter suggest that meeting the AfCFTA objectives will require deliberate efforts under strong leadership in several priority areas, as discussed below.

Integrated institutional and policy framework for implementing the Africa Continental Free Trade Area

Integrated institutional mechanisms

The multidimensional and cross-cutting nature of the AfCFTA suggests the need for an integrated framework for its implementation, while accounting for countries' commitments to other regional and extra-AfCFTA trade deals. This entails coordination and collaboration among relevant entities from the public and private sectors to build synergies for achieving common AfCFTA goals. At the continental level, the central role of the AfCFTA Secretariat in coordinating, facilitating and supporting implementation of the Agreement cannot be overstated. The effectiveness of the Secretariat will depend on the availability of human and financial resources to carry out its mandate. To support implementation, the AfCFTA Secretariat will promote transparency in trade rules and ensure that countries expeditiously translate the Agreement into national laws, regulations and administrative procedures (UNCTAD, 2021). Regional institutions such as RECs will play a critical role as building blocks in supporting national mechanisms to realize Africa's behind-the-border agenda, while maximizing synergies between national and regional interests.

At the national level the African Union called for AfCFTA National Committees to oversee implementation of the Agreement, supported by several sub-committees (for example, national monitoring committees on non-tariff barriers and national committees on trade facilitation) (AU, 2018b). The National Committee would be under high-level leadership (cabinet of the head of state, prime minister and minister of trade) and would ensure the promulgation and notification of laws, regulations and administrative procedures needed to implement the Agreement domestically. Resource constraints (both financial and human) and the sustainability requirements of national institutional mechanisms imply that many countries are not able to set up several sub-committees. For those countries, their National Committee can rely on ad-hoc sub-committees or technical working groups that deal with the various thematic issues of the Agreement. Countries that have a well-functioning National Trade Facilitation Committees (including under the WTO Trade Facilitation Agreement) could expand its mandate to coordinate and monitor implementation of the AfCFTA.

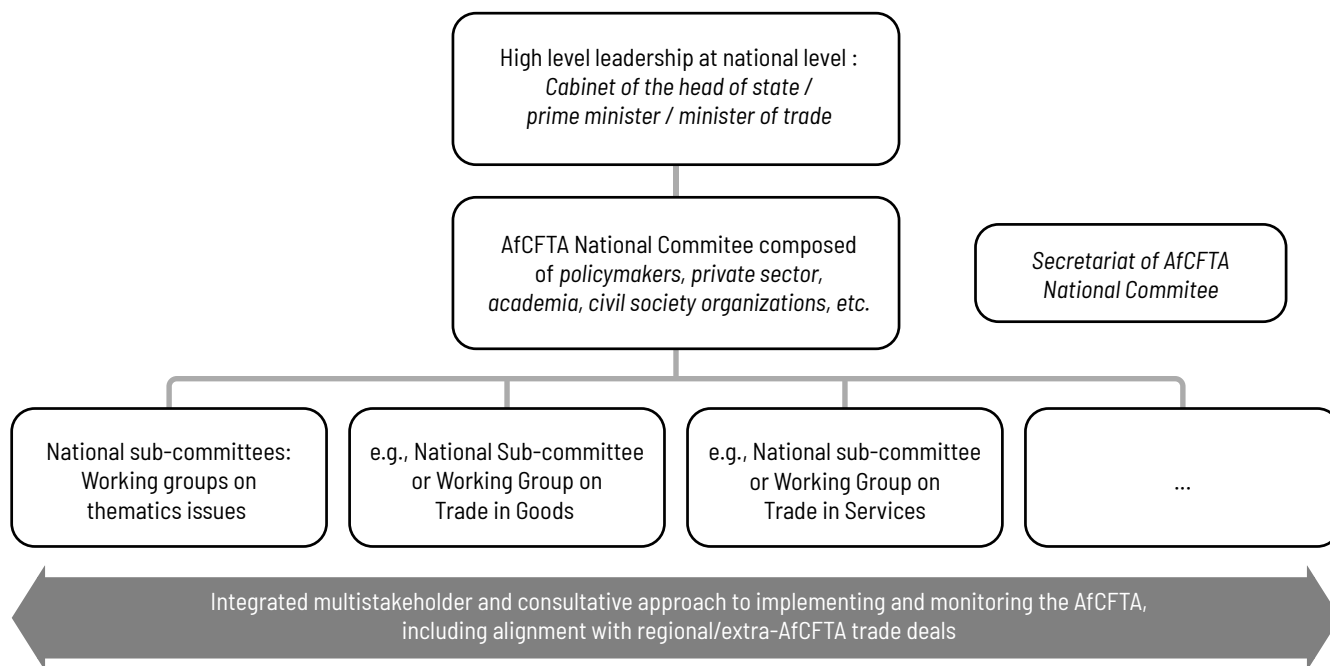
To ensure sustainable and efficient national institutional governance of the AfCFTA, National Committees should be composed of representatives of various stakeholders, including policymakers, the private sector, academia and civil society organizations (figure 5.3). For example, implementation and monitoring of the AfCFTA in Côte d'Ivoire is coordinated through the National AfCFTA Committee (*Comité National ZLECAf*),³¹ established by presidential decree. The governance structure of the committee, which include representatives of various AfCFTA stakeholders, is headed by the Premier Minister, while its organizational structure is composed of three bodies:

- **The Advisory and Decision-making Council** provides strategic orientation to negotiations and takes measures necessary to implement the Agreement, under the leadership of the Prime Minister. Other members of the Council include relevant ministers and presidents of businesses chambers and confederations.
- **The Technical Committee**, overseen by the Minister of Trade and Industry, is the technical organ of the National Committee which defines strategic interventions and proposes actions to the Advisory and Decision-making Council, raises awareness and builds consensus around the AfCFTA at the national level. It is composed of key high-level representative of the institutions represented in the Advisory and Decision-making Council and directors general of government agencies and ministries, as well as representatives of trader, producer and consumer associations. The work of the Technical Committee is supported by several technical working groups, each one in charge of an AfCFTA thematic issue.
- **The Secretariat** is the technical, financial and administrative arm of the National Committee and ensures its technical coordination.

This structure has helped Côte d'Ivoire achieve buy-in from stakeholders in the AfCFTA ratification and implementation process.³²

To identify challenges and address them expeditiously, the AfCFTA National Committees should also devise a strong monitoring mechanism. Periodic reviews of trade rules permit corrective actions to be undertaken while preventing trade disputes. The online mechanism for reporting, monitoring and eliminating non-tariff barriers under the AfCFTA will be critical to achieve this.³³ An additional instrument is the AfCFTA Country Business Index, being developed by ECA to measure and monitor how businesses experience AfCFTA implementation at the country level. The ultimate goal of the index is to identify shortcomings and ways to address them.

Figure 5.4 Proposed institutional structure for the African Continental Free Trade Area (AfCFTA) at the national level



Source: Authors.

Policy coherence: Key to streamlining trade rules and practices

Coherence and alignment among various policies and strategies (trade, industrial, investments, competition, intellectual property, migration, infrastructure, environmental, gender and other policies) at national, regional and continental levels are essential to reap the benefits of the AfCFTA. Evidence from SADC suggests that national efforts to protect so-called infant industries have resulted in incoherent trade and industrial policies, which have limited regional integration outcomes in the REC (Byiers, Vanheukelom and Woolfrey, 2018). The AfCFTA Agreement allows up to 3 per cent of tariffs lines to be excluded from tariff liberalization. State Parties can use of such exemptions to protect infant industries and should refrain from instituting inconsistent policies or other interventions that can impede intra-AfCFTA trade.

As discussed, trade rules and practices under various trade agreements among African countries vary considerably, partly due to the proliferation of trade agreements across the continent and overlapping memberships in trading blocs. The RECs and the AfCFTA Secretariat should work to harmonize the rules. For diverging provisions that might not be fully reconcilable, such as rules of origin criteria (Tsowou and Davis, 2021), revising some of the regional trade rules and aligning them with the AfCFTA provisions could be a way forward. Such a solution would not only increase efficiency in trade and production processes but also would help address issues around the overlapping and proliferation of trade agreements across the continent.

It will also be important to fully capture the role of RECs under the AfCFTA framework. The institutional mechanism for facilitating implementation and monitoring of REC trade agreements can benefit the AfCFTA. However, an adequate governance structure for AfCFTA-RECs-State Parties must be defined in a way that maintains synergies. The AfCFTA and the REC secretariats should develop procedures to ensure that implementation of their respective trade rules is based on mutual reinforcing synergies and constructive collaboration with minimal conflicting objectives (ECA, 2021c). For instance, to ensure coordination of implementation of the free trade areas under the WTO, the Eastern African Community (EAC) Secretariat has had a Sub-Regional Committee on Trade Facilitation since 2015. This committee has been effective in supporting EAC Member States in putting free trade areas into national and regional perspectives (UNCTAD, 2020). Trade facilitation committees under the RECs may be effective in supporting implementation of the AfCFTA at regional levels. RECs could also support the mapping of opportunities for regional value chain development through regional trade and industrialization strategies. The Regional Strategy for the Leather Value Chain developed by COMESA in 2011 provided Member States with a coordinated framework to support interventions and build the capacity of businesses, especially smaller ones. This has been instrumental to successes in leather processing in the region today (Byiers, Vanheukelom and Woolfrey, 2018).

Realizing Africa's integration promises also entails ensuring coherence between country commitments to intra- and extra-AfCFTA rules. Bilateral and multilateral trade agreements have helped African countries integrate regional and global value chains. The US African Growth and Opportunity Act, for example, has granted South Africa preferential access to the US market and has contributed to establishing of regional value content for the automotive industry in South Africa (Froman, 2016). Duty-free and quota-free market access under EU Economic Partnership Agreements has allowed Ghana to increase exports to the EU of processed cocoa products such as cocoa butter, cocoa paste and cocoa powder (EU, 2018). While learning from these agreements, the AfCFTA State Parties should endeavour to maximize opportunities to build convergence.

Capacity building and awareness raising: Centrepieces of the African Continental Free Trade Area implementation puzzle

Consultations at national and regional levels suggest limited awareness of the AfCFTA in both public and private sectors. Yet, private actors are the backbone of AfCFTA implementation. Capacity building and awareness raising are thus necessary so that all stakeholders understand the implications of the Agreement.

Capacity building activities should be preceded by need assessments, so that efforts can be properly targeted.

The AfCFTA Secretariat is playing a large role in organizing capacity buildings and awareness raising around the different AfCFTA thematic areas for State Parties, the private sector and civil society, among others. Trade officials and customs authorities, for example, require a full understanding of the AfCFTA to enable them to verify compliance and provide support to the private sector. For example, Togo has built the capacity of its customs officials in different cities to understand required AfCFTA customs procedures, including rules of origin.³⁴ Togo also provided capacity building training for women traders and entrepreneurs in six major production and trade cities, allowing them to better understand the opportunities offered by the AfCFTA.³⁵ Businesses, especially smaller ones, need to fully capture the rules and practices under the Agreement and understand how these fit in with existing trade deals. Dedicated programmes need to be put in place, including online tools to raise awareness and build capacity of various stakeholders on AfCFTA-related matters. For instance, Côte d'Ivoire's AfCFTA National Committee used a capacity building programme to create awareness among 200 smaller companies in several cities of the AfCFTA online mechanism for monitoring, reporting and eliminating non-tariff barriers and how to use it.³⁶ Translating AfCFTA legal texts or preparing AfCFTA toolkits in different languages and dialects at regional and national levels is also an effective way to reach out to most traders. For instance, Ethiopia has translated the AfCFTA texts into national language, that is Amharic.

Complementary actions to address trade barriers and increase productive capacities

For more competitive African economies that produce for AfCFTA markets, improving trade facilitation is a must. Trading costs need to be low enough for businesses to produce and trade competitively and to seize new or expanded market opportunities. Implementation of trade facilitation measures under the AfCFTA and other regional and multilateral trade agreements (including WTO trade facilitation commitments) will play a critical role in lowering the costs associated with non-tariff barriers. This implies digitalization of trade procedures. The adoption of electronic certificates of origin (e-certification of origin), for example, allows producers and traders to submit, on a dedicated web-based platform, all relevant documents for the issuance of electronic certificates of origin, avoiding the time-consuming practice of submitting paper documents (Tsowou and Davis, 2021). This contributes to more efficient and secure trade practices.

Persistent infrastructure challenges in Africa need to be addressed. Businesses that produce and trade under AfCFTA must be competitive not only among AfCFTA members but also among non-AfCFTA members, and they cannot be competitive without efficient infrastructure assets. AfCFTA State Parties can prioritize national infrastructure projects that are aligned with regional and continental programmes such as the Programme for Infrastructure Development in Africa, which covers a range of transborder infrastructure projects. Examples include the North–South Corridor Programme, the Abidjan–Lagos Highway Development Programme, the Walvis Bay Corridor and the Africa Clean Energy Corridor.

Deliberate interventions to make the African Continental Free Trade Area inclusive

Most businesses in Africa are micro, small and medium enterprises operating through informal channels due to the high cost of complying with the complex requirements and formalities for engaging in trade in the formal sector (UNDP and AfCFTA Secretariat, 2020). The AfCFTA, through the progressive elimination of tariffs and non-tariff barriers, is expected to make trading under the formal sector more affordable for informal traders (COMESA, 2021). However, other complementary instruments and protocols could be established to further facilitate trade for smaller traders and motivate them to formalize their cross-border transactions. These could include the establishment of a simplified trade regime. For example, under the simplified trade regimes put in place by EAC and COMESA, goods of low customs value (less than \$2,000) can cross borders without paying customs or fees, and traders need only a simplified certificate of origin with a customs declaration form (ECA, 2020c). Likewise, the installation of one-stop border posts, by allowing border agencies to operate joint security controls, could reduce formalities and simplify customs procedures (AfDB, 2012). These complementary initiatives to the AfCFTA, by streamlining trade requirements and reducing trade barriers, could make cross-border trade more efficient and inclusive.

Furthermore, addressing the priority concerns of smaller businesses can improve the inclusiveness of the AfCFTA. The national AfCFTA implementation strategies of countries including Cameroon, Côte d'Ivoire, The Gambia, Zambia and Zimbabwe suggest the need to improve the connectivity of smaller businesses to regional and continental markets and to support their integration into high value-added regional value chains. In this vein, ECA collaborated with UN–Women to sponsor the participation of several small and medium businesses in the Intra-Africa Trade Fair in 2021³⁷ to showcase their products and services and benefit from networking. The businesses were able to participate in discussions and capacity-building sessions, including some organized

by the AfCFTA Secretariat, such as trade financing for small and medium businesses and harnessing the benefits of the AfCFTA for African youth.

Conclusion

As argued throughout this chapter, effective implementation of AfCFTA will depend on State Parties' capacity to address the challenges that have prevented regional integration initiatives in Africa from performing to their potential. It is critical to address issues related to trade barriers, harmonization of trade rules and practices across the continent, infrastructure deficiencies and technical capacity gaps. Integrated frameworks at the national, regional and continental level and coordinated and concerted efforts among various players in the AfCFTA are key determinants of its successful implementation. Furthermore, work to finalize the remaining negotiations on the AfCFTA Agreement need to be expedited.

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6. ENERGY COSTS AND EXPORT PERFORMANCE IN AFRICA

Seth Omondi Gor

Introduction

This chapter analyses the effect of electricity prices on the export performance of State Parties of the African Continental Free Trade Area (AfCFTA). It seeks to demonstrate that the effects vary across industries, based on each sector's energy intensity levels and energy price elasticity of export demand, and that this interaction affects the competitiveness of each sector's exports. Despite the importance of these issues, they typically lie outside the sphere of conventional trade policy. This chapter therefore emphasizes the critical importance of policy coherence in making determinations about priority sectors and products for each State Party.

Demand for Energy

Africa has one of the youngest and fastest growing populations in the world. Projections by the International Energy Agency show that half the people who will be added to the world population between today and 2040 will be Africans. This suggests that more than half a billion people will be added to Africa's urban population by 2040. This rate of growth is much higher than the growth of China's urban population during the last two decades of China's economic and energy boom.

High rates of urban population growth imply rapid growth in energy demand for industrial production, domestic use and mobility. Growth in the urban population comes with a relatively high appetite for energy from modern and efficient energy sources. How Africa meets its projected high growing energy needs is crucial for the continent's economic and energy future, as well as for global trends.

The demand for energy in Africa is driven largely by the growing needs of North Africa, Nigeria and South Africa. In 2018, primary energy demand in Africa stood at more than 830 million tonnes of oil equivalent (toe). Of this total demand, North Africa accounted for 24 per cent, Nigeria 19 per cent and South Africa 16 per cent. Although these three poles accounted for only 35 per cent of the total population of Africa, they accounted for 59 per cent of its total energy demand.

When compared with GDP growth, the rate of growth in energy demand in sub-Saharan Africa seems to be slightly slow. Over the period 2000–2010, the demand for energy increased at an annual average rate of 3 per cent. Between 2010 and 2018, annual growth slowed to 2.5 per cent, but with marked variations. Some countries, like the Democratic Republic of the Congo, saw their primary energy demand more than double between 2000 and 2018, yet others such as Côte d'Ivoire, Ghana and Mozambique experienced an increase in demand of around half.

The average consumption of energy per person in most African countries is well below the world average of around 2 toe per capita. This is generally comparable to India's average of 0.7 toe per capita. In 2018, per capita consumption in sub-Saharan Africa was highest in South Africa, at 2.3 toe per capita, and Nigeria, at 0.8 toe per capita. In most other countries in sub-Saharan Africa per capita energy consumption stood at around 0.4 toe per capita. So when South Africa is excluded, per capita energy consumption in sub-Saharan Africa is about 65 per cent below the average for developing economies (IEA, 2019a).

Table 6.1 reports energy consumption by fuel type and sector in sub-Saharan Africa in 2018. It shows that residential sector accounts for the highest share of total energy consumption in sub-Saharan Africa, at 64 per cent. It is followed at a distance by transport (15 per cent) and industry (14 per cent). The table highlights the importance of electric energy and bioenergy to the industrial sector, the importance of oil to the transport sector and the importance of bioenergy to the residential sector.

Table 6.1 Total final energy consumption in sub-Saharan Africa, by fuel and sector (millions of tonnes of oil equivalent)

Fuel	Industry	Transport	Residential	Other
Coal	12	0	5	5
Oil	9	69	5	13
Gas	9	0	0	0
Electricity	17	0	10	7
Bioenergy	18	0	281	13
Other renewables	—	—	0	0
Total	65	69	301	38
Share of total final consumption (%)	14	15	64	8

Source: IEA (2019a).

The main productive uses to which energy is put in Africa include industry, agriculture and services. Together, these three sectors account for about 25 per cent of total final consumption of energy on the continent. Industry employs only 13 per cent of the workforce and generates about one-third of the GDP, but it accounts for around 70 per cent of the energy that goes into productive uses. The services sector generates at least 50 per cent of GDP, yet it uses only a small amount of energy. Agriculture employs half of the African workforce, accounts for only 16 per cent of GDP and uses less than 10 per cent of energy (IEA, 2019a).

Electricity prices

The main documented challenge to providing sectors with the required levels of energy is its affordability. The two critical areas of concern are the cost of being connected and equipped and the cost of the energy used. Energy prices vary considerably for end-users across countries in Africa. In most cases, energy prices reflect differences in domestic energy resources, levels of energy access, subsidies and taxes.

Electricity is one of the most important sources of energy for manufacturing globally, as table 6.1 illustrates for sub-Saharan Africa. Electricity was the second most important source of energy for the industrial sector, accounting for some 26 per cent of the energy used by the sector. Electricity was the second most important source of energy for the residential sector.

Africa is home to about one-fifth of the world's population, but it accounts for only about 3 per cent of global electricity demand. It is notable, however, that just two regions account for nearly three-quarters of this share: North African countries, at 42 per cent, and South Africa, at 30 per cent. The demand for electricity is growing in Africa but at a much slower rate than in comparable regions such as Asia. Over the period 2010–2018, for instance, electricity demand rose to 3 per cent a year on average, increasing from 560 terawatt-hours (TWh) in 2010 to around 705 TWh in 2018. Electricity demand in Africa in 2018 was only about a fifth of demand in Europe.

Electricity accounts for some 10 per cent of Africa's total final energy consumption. Table 6.2 reports the share of electricity in total final energy consumption for Algeria, Egypt, Nigeria and South Africa over the period 2010–2020. At the country level, the share of electricity in total final energy consumption varies widely by country. Whereas the average share is around 1.7 per cent for Nigeria, it is 11.8 per cent for Algeria, 20.9 per cent for Egypt and 25.9 per cent for South Africa. It is notable that for each country, the year-on-year variation in this share is marginal.

Table 6.2 Share of electricity in total final energy consumption in selected African countries, 2010–2020 (%)

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Average
Algeria	11.1	11.2	11.4	11.4	11.4	11.6	12.1	12.8	11.9	12.3	12.6	11.8
Egypt	20.1	19.8	19.8	20.0	21.7	21.6	20.3	21.4	21.8	21.2	22.4	20.9
Nigeria	1.7	1.8	1.8	1.6	1.7	1.7	1.7	1.7	1.6	1.7	1.8	1.7
South Africa	27.5	27.5	25.9	24.7	24.6	24.7	26.5	25.4	25.9	26.1	27.1	25.9

Source: Author, based on IEA (2019b).

The per capita electricity demand remains relatively low on the continent, at around 550 kilowatt hours (kWh), and at 370 kWh in sub-Saharan Africa, compared with 920 kWh in India and 2,300 kWh in developing Asia. Demand in heavy industry remained relatively unchanged over the period 2010–2018, with lighter industries making up 90 per cent of the almost 40 TWh demand increase across industry. Of total electricity demand from industry in Africa, South Africa alone accounted for more than 40 per cent in 2018, and demand in the sector has been largely flat since 2010.

The cost of electric energy has a direct bearing on export performance. The effects vary across industries based on their intensity of energy use. More generally, however, high electric energy costs have the potential of raising production costs, thereby worsening a country's export performance. On the global stage, a country's export performance is hurt even more if the comparable costs of electricity are lower in competing countries and regions.

Several factors contribute to the total cost of electric energy in Africa. These include total production, ease of access, quality of energy and the ultimate price of the energy.

Production of electricity

The generation of electricity in Africa has remained fairly low over the years. It stood at 870 TWh in 2018 up from 670 TWh in 2010. Large variations exist between countries in terms of electricity generation. In 2010, Nigeria accounted for 4 per cent of the total electricity generated in Africa and Algeria for 7 per cent, while Egypt accounted for 22 per cent and South Africa for 39 per cent. Together, these four countries accounted for 72 per cent of the electricity generated in Africa.

In 2018, of the total of 870 TWh of electricity generated in Africa, Nigeria contributed 4.6 per cent and Algeria 9.7 per cent, while Egypt contributed 22.2 per cent and South Africa 27.6 per cent. Together, the four countries accounted for 64.5 per cent of the total electricity generated on the continent. Generation of electricity therefore appears to be concentrated in certain poles, leaving countries in the rest of the continent with less electricity than they require.

Table 6.3 reports the balance of trade for electricity for a select group of African countries. It illustrates the fact that countries that together account for up to 70 per cent of the electricity generated in Africa do not themselves have a surplus. In fact, the largest producer, South Africa, has consistently run a trade deficit in electricity generated over the last two decades, while Egypt either runs a deficit or generates just enough to meet its needs.

Table 6.3 Electricity balance of trade in selected African countries, 2010–2020 (terawatt-hours)

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Algeria	0	0	0	0	0	0	0	0	0	0	0
Egypt	-1	-2	0	0	-1	-1	0	0	0	0	0
Nigeria	0	0	0	0	0	0	0	0	0	0	0
South Africa	-2	-3	-5	-5	-3	-2	-6	-7	-5	-5	-4

Source: Author, based on IEA (2019b).

Access to electricity

With an estimated electrification rate of 45 per cent in 2018, sub-Saharan Africa had the highest number of people without access to electricity of any global region. North Africa, in contrast, reached universal access to electricity in the same year, and developing countries in Asia had an electrification rate of 94 per cent (IEA, 2019a). Lack of access to electricity forces the industrial and commercial sectors, as well as the business communities that can afford to do so, to use inefficient, polluting and expensive alternatives to electricity for essential services.

The comparatively low access rate notwithstanding, sub-Saharan Africa has made tremendous progress in expanding electrification. The number of people gaining access to electricity more than doubled from 9 million a year between 2000–2013, to 20 million people between 2014–2018, outpacing Africa's population growth for the first time. As a result, the number of people without access to electricity in sub-Saharan Africa peaked at 610 million in 2013, before declining to around 595 million in 2018 (IEA, 2019a).

Table 6.4 presents comparative electricity access rates for African countries in 2019. Access rates are lowest in South Sudan (13.1 per cent), Central African Republic (32.1 per cent), Chad (36.7 per cent) and Democratic Republic of the Congo (41 per cent) and the highest in North Africa (Egypt, Libya, Morocco and Tunisia) Mauritius and Seychelles, all at 100 per cent. Among customs unions in Africa, average access rates are 83.4 per cent for the Southern African Customs Union (SACU) countries, 67.3 per cent for the East African Community (EAC) countries, 76.3 per cent for Economic Community of West African States (ECOWAS) countries and 69.5 per cent for Central African Economic and Monetary Community (CEMAC) countries. For the customs unions, only SACU registers access rates above the sub-Saharan average. EAC's access rate is, however, grossly affected by the very low access rate in South Sudan. A new exporter in CEMAC, EAC or ECOWAS must therefore contend with the initial cost of accessing energy. In SACU, this would be slightly lower than in the other customs unions, while in Egypt, Libya, Mauritius, Morocco, Seychelles and Tunisia, where access rates are 100 per cent, there would be no additional cost.

Table 6.4 Electricity access in Africa, 2019

Region or country	National electrification rate (%)	Region or country	National electrification rate (%)
sub-Saharan Africa	77.9	Eritrea	75.7
Middle East & North Africa	99.7	Ethiopia	92.8
Eswatini	90.6	Mozambique	72.5
Lesotho	75.8	Congo, Dem Rep.	41.0
Namibia	74.6	São Tomé and Príncipe	77.6
Botswana	88.3	Somali	65.8
South Africa	87.9	Sudan	81.4
South Sudan	13.1	Algeria	99.8
Burundi	62.7	Tunisia	100
Uganda	70.8	Morocco	100
Rwanda	93.1	Libya	100
Kenya	90.8	Egypt	100
Tanzania	73.2	Comoros	98.2
Benin	65.3	Mauritius	100
Burkina Faso	64.6	Seychelles	100
Cabo Verde	95.3	Madagascar	79.5
Côte d'Ivoire	93.9	Malawi	45.5
Gambia	79.8	Zambia	79.9
Ghana	93.8	Zimbabwe	85.4
Guinea Bissau	54.3	Djibouti	71.6
Liberia	46.4	Angola	72.4
Mali	91.2	Gabon	98.3
Niger	49.9	Cameroon	93.2
Nigeria	83.9	Central African Republic	32.1
Senegal	95.2	Chad	36.7
Sierra Leone	51.4	Congo	65.6
Togo	91.8	Equatorial Guinea	90.9
Guinea	87.7	World	97.3
Mauritania	86.5		

Source: World Bank (2021).

Quality of electricity

Another critical cost component of electricity is quality. Quality refers to the reliability of the electricity supply in terms of interruptions and voltage fluctuations. The provision of high quality electricity services is essential to economic growth and export competitiveness. An electricity supply that is unreliable acts as a brake on overall economic activity and export performance, as it inhibits the output of individual firms. The provision of low quality or unreliable electricity supplies forces firms to manage gaps in supply or to turn to more polluting and expensive alternatives such as diesel generators. Both choices have detrimental effects on firm efficiency and undermine export competitiveness.

According to World Bank Enterprise Surveys, almost 40 per cent of business enterprises in sub-Saharan Africa consider unreliable electricity to be a major constraint to doing business (World Bank, 2019). Most firms in sub-Saharan Africa report having experienced electrical outages on a regular basis. In many countries, outages average 200–700 hours a year. In some countries, the outages are much worse than average. Nigerian firms experienced more than 32 electrical outages on average in 2018. The outages varied in duration from less than one hour to more than a day. Studies shows that in some countries outages cost firms as much as a quarter of potential annual turnover and cost countries up to 2 per cent of annual GDP, (World Bank, 2019; Gupta and Singh, 2021).

Over the period 2006–2018, some 80 per cent of sub-Saharan African business enterprises suffered frequent electricity disruptions, lasting up to six hours, imposing average losses of around 8 per cent of annual sales (World Bank, 2019; Blimpo, M.P and M.C Davies, 2019). By contrast, business enterprises in Organisation for Economic Co-operation and Development (OECD) countries experience interruptions of around one hour per month on average.

Additional costs result from inefficiencies arising from network losses. Network loss is the difference between the energy entering the distribution network and the energy leaving it. Such losses can be either technical or non-technical. Technical losses occur within the distribution network due to the equipment used to transfer electricity, such as cables, overhead lines and transformers. Network losses are 18 per cent in sub-Saharan Africa (excluding South Africa), higher than in other developing regions. Technical electricity losses are also high in Africa, amounting to 16 per cent in 2018. This is 7 percentage points higher than the average losses in other developing regions. The scale of these losses varies across sub-Saharan Africa. In South Africa, average electricity losses are estimated at 9 per cent, well below that in other sub-Saharan African and North African countries, where such losses run at 17 per cent and 19 per cent respectively.

On average, costs are lower in countries with higher quality electricity and higher in countries with lower quality.

Price of electricity

Electric energy tariffs are determined by several factors including the cost of power generation, taxes, transmission and distribution infrastructure, industry regulation, weather conditions, among others. Electricity tariffs constitute an important share of the total cost of producing exports. Table 6.5 lists the average electricity tariffs for the industrial sector in selected countries and regional group. The African countries were selected on the basis of the availability of tariff data. The industrial sector tariffs are very competitive in Algeria, South Africa and Botswana, with tariffs well below the world, Asia, Americas and OECD averages. Noticeably, the gap between these three countries and the rest of the continent is huge, with the tariffs in Benin, Senegal, Kenya and Cape Verde all more than five times higher than in Algeria. The costs of production are thus bound to be significantly higher in the rest of Africa than in Algeria, South Africa and Botswana, making exports less competitive.

Table 6.5 Electricity tariffs for the industrial sector in selected countries and regions, 2019 (US dollars per mega-watt hour)

Country or regional group	Electricity tariff
Algeria	21.60
South Africa	64.20*
Botswana	80.40
Ghana	111.40
Mauritius	114.10
Congo	118.90
Benin	133.10
Senegal	138.10
Kenya	140.40
Cape Verde	238.15
Americas	91.80
Asia	97.20*
OECD	112.50*
World	99.90*

Source: IEA (2021).

*2018 tariff.

The Problem and the Analytical Framework

The foregoing analysis demonstrate that, on average, electricity generation is very low on the continent, there is less to be traded between countries, there is limited access to electricity in most countries and, where there is access, the quality is low and the tariffs are high. The effects of energy costs are never uniform. They vary across industries on the basis of energy intensities and the price elasticities of demand for the export products in question.

Issues for analysis

State Parties of the AfCFTA and customs unions on the continent are currently submitting their schedules of trade tariff concessions. The tendency is for countries to refuse to liberalize sectors that they consider strategic. This raises the question: Are the energy ecosystems in these State Parties structured to support export performance for such strategic sectors?

To answer this question, this section uses World Integrated Trade Solutions (WITS) on the COMTRADE database to identify the top exporting sectors for four countries: South Africa, Egypt, Algeria and Nigeria. The choice of the countries is based on the size of these economies, which together account for more than 46 per cent of intra-African exports and 55 per cent of Africa's exports to the world. The sectors are then profiled in terms of their intensity of energy use. The electricity price elasticity of each profiled sector is then estimated using the midpoint method to determine the responsiveness of the sector's exports to changes in the electricity tariff.

Top export sectors in four African countries

Table 6.6 reports the top exports at the two digit level for each of the four countries. Additionally, the table reports the intensity of energy use for each group of products and the respective energy price elasticity of exports. Seven of South Africa's top nine exports (products of chapter 22, 26, 27, 48, 72, 73 and 87 of the Harmonized System); five of Nigeria's top seven exports (products of chapter 4, 6, 8, 10 and 12); two of Egypt's top eight exports (products of chapter 27 and 72) and five of Algeria's top nine exports (products of chapter 8, 27, 28, 70 and 84) register an energy price elasticity of exports that is greater than -1. This means that a 1% increase in price of energy would lead to a less than proportionate drop in export volumes. The implication is that such export products are therefore amenable to high pricing.

Most of the top exports are highly responsive to changes in electricity tariffs. A 1 per cent increase in electricity tariffs thus leads to a more than proportionate drop in exports. The key lesson here is that persistently high tariffs have the effect of making exports less competitive. This situation is more pronounced for products that have high and medium intensity of energy use. The intensity of energy use increases at higher levels of disaggregation and is therefore lowest at the two digit level.

In addition, six of Egypt's top eight exports (products of chapter 11, 17, 39, 72 and 96), one of the top seven of Nigeria's top exports (products of chapter 9) and one of Algeria's top nine exports (products of chapter 19) register an elasticity within the range -1 and 0 (see table 6.6). These products are therefore not highly responsive to changes in electricity tariffs, and exporters can maximize returns on them by pricing them high. A 1 per cent increase in the electricity tariff would lead to a less than proportionate drop in exports. Products of chapter 17 for Egypt, chapters 15 and 68 for Algeria and chapter 11 for Nigeria have positive elasticities. For these groups of products, an increase in tariffs leads to an increase in exports. They are therefore amenable to pricing high.

More than 50 per cent of the top exports in South Africa (products of chapter 22, 26, 27, 48, 72, 73 and 84), Algeria (products of chapter 15, 19, 27, 28, 68, 70, 84) and Egypt (products of chapter 17, 27, 39, 72, 96) are either high or medium intensity energy users (see table 6.6). Low installed generation and distribution capacity is therefore bound to reduce the competitiveness of these groups of priority products, in which case they may fail to serve the purpose for which they are so designated.

Table 6.6 Intensity of energy use and energy price elasticity of exports for top export sectors in South Africa, Nigeria, Egypt and Algeria, 2018

	Harmonized System chapter	Product description	Intensity of energy use	Energy price elasticity of export
South Africa	22	Beverages, spirits, vinegar	Medium	-5.6
	26	Ores, slag and ash	High	-6.3
	27	Mineral fuels, mineral oils and products of their distillation	High	-5.8
	48	Paper and paperboard, articles of paper pulp, of paper or paperboard	High	-99.7
	72	Iron and steel	High	-8.3
	73	Articles of iron or steel	High	-2.8
	84	Nuclear reactors, boilers, machinery and mechanical appliances	Medium	1.8
	85	Electrical machinery and equipment and parts thereof, sound recorders and reproducers	Low	3.7
	87	Vehicles other than railway or tramway rolling stock and parts and accessories thereof	Low	-4.4
Nigeria	4	Dairy produce, birds, eggs	Medium	-1.5
	6	Live trees and other plants	Low	-3.2
	8	Edible fruit and nuts	Low	-3.1
	9	Coffee, tea, mate and spices	Medium	-0.8
	10	Cereals	Low	-4.5
	11	Products of the milling industry; malt, starches, wheat gluten	Low	0.6
	12	Oil seeds and oleaginous fruits	Low	-3.8
Egypt	11	Products of the milling industry; malt, starches, wheat gluten	Low	-0.4
	17	Sugars and sugar confectionery	High	0.5
	27	Mineral fuels, mineral oils and products of their distillation	High	-1.4
	33	Essential oils and resinoids; perfumery, cosmetic and toilet preparation.	Low	-0.1
	39	Plastics and articles thereof	Medium	-0.4
	72	Iron and steel	High	-1.3
	85	Electrical machinery and equipment	Low	-0.004
	96	Miscellaneous manufactured articles	Medium	-0.1
Algeria	8	Edible fruits and nuts	Low	-3.7
	15	Animal or vegetable fats	Medium	2.4
	19	Preparations of cereals, flour, starch or milk	Medium	-0.2
	27	Mineral fuels, mineral oils and products of their distillation	High	-1.6
	28	Inorganic chemicals; organic or inorganic compounds of precious metals	High	-1.1
	68	Articles of stone, plaster, cement, asbestos, mica or similar materials	High	2.9
	70	Glass and glassware	High	-4.8
	84	Nuclear reactors, boilers, machinery and mechanical appliances	Medium	-1.9
85	Electrical machinery and equipment and parts thereof, sound recorders and reproducers	Low	4.3	

Source: Author's estimations and compilation from COMTRADE (2021) and UNIDO (2010).

Policy Issues

Policy should focus on managing electricity tariffs by targeting appropriate cost elements. Additionally, reprioritizing exports in line with the energy requirements that they impose on the economy is key to improving export competitiveness in Africa.

Significant progress has been made towards increasing access to electricity in several African countries, including Ethiopia, Ghana, Kenya, Rwanda and Senegal. Despite this, full energy access accompanied by low tariffs remains elusive. The main task for policymakers across Africa is therefore to address the persistently high tariffs, lack of access to electricity and the unreliability of electricity supply, which by raising the cost of production reduce the competitiveness of African exports.

Given the importance of trade in wealth and job creation, policy decisions should give due consideration to policy coherence at the national, regional and continental levels. More important, coherence must be built around important growth poles, including trade. A strong case can be made for building a more reliable power system, with a greater focus on transmission and distribution assets. A key priority is to target investment and maintenance to reduce power outages and to reduce losses to reasonable levels. There is also a need to fortify energy regulation and the capacity to support the power pools in Africa and to strengthen regional electricity markets.

Policy decisions should target scaling up investments in electricity generation and distribution, areas where Africa ranks among the lowest in the world. Achieving reliable electricity supply for all is estimated to require a fourfold increase in investment. Mobilizing this level of investment is a demanding undertaking, but it can be done if policy and regulatory measures are put in place to improve the financial and operational efficiency of utilities and the effective use of public funds to catalyse private capital. Strengthening pan-African development financing can help mobilize a sustained flow of long-term financing for energy projects.

Poor electricity infrastructure in many countries is a major cause of energy unreliability, a result of under-investment in transmission and distribution assets, which leads a deficit in installed capacity and an inability to meet peak load demand. Policy decision should therefore target increased investment in power systems, combined with improvements in the performance of utilities.

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7. THE TEXTILE AND CLOTHING SECTOR IN THE CONTEXT OF THE AFRICAN CONTINENTAL FREE TRADE AREA

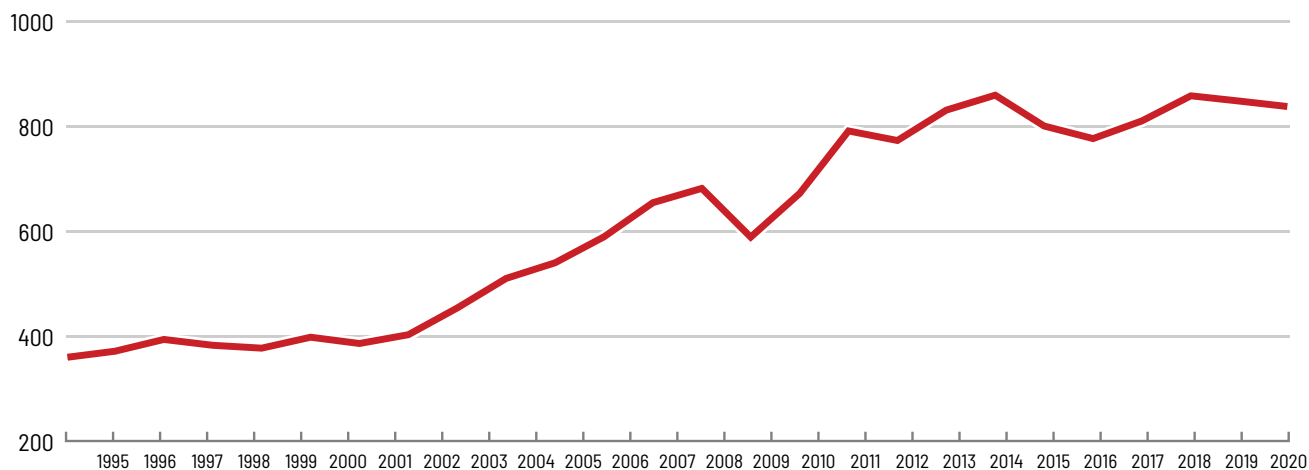
Andrew Mold³⁸ and Caiphas Chekwoti³⁹

Introduction

Textiles and clothing (T&C)⁴⁰ is a strategic sector as African countries implement the African Continental Free Trade Area (AfCFTA). The sector accounted for 16 per cent of the continent's manufactured exports in 2019,⁴¹ and as a producer of cotton, Africa retains a major role in global value chains, supplying about one-fifth of global trade of the raw material.

The T&C sector accounts for 4.4 per cent of world trade, and the value of its exports has more than doubled since 2000, to \$858 billion in 2019 (figure 7.1). This growth is all the more impressive given the sharp decline in unit prices of garments and apparel over the past two decades.

Figure 7.1 Global clothing and textile exports, 1995–2020 (\$ billions)



Source: UNCTADStat (2021).

From a developmental perspective, the T&C sector has traditionally been seen as a key stepping-stone towards deeper industrialization and structural transformation because it requires low investment, is labour intensive and produces goods needed both in domestic and export markets (Keane and te Velde, 2008). Capital intensity is generally low, technology is relatively unsophisticated and labour costs tend to be the largest production factor. The clothing sector is often considered especially appropriate for Africa due to its extensive use of local resources, including labour and raw materials (McCormick, Kuzilwa and Gebre-Egeziabher, 2009).

However, Africans are involved in the clothing trade not just as producers and cotton growers but, like everyone else, also as consumers of clothes. Clothing availability is an important livelihood issue, many poor people lack access to affordable, good-quality, basic garments. Yet few clothes made in Africa are for local markets. Understanding why is an important first step to addressing the challenges facing the sector and the opportunities arising from the AfCFTA.

This chapter provides an overview of the state of the T&C sector in Africa, focusing on T&C trade. It starts by summarizing the main global trends that are determining the sector's production and trade patterns, particularly the way that eliminating the Multi-Fibre Arrangement in 2005 has affected the global landscape. It highlights the subsequent performance of Africa's T&C trade, including a brief analysis of the cotton sector. It then provides an overview of the options for putting the sector on a more dynamic path, including the need to leverage the continental market through the AfCFTA. It also describes the main issues at stake for the outstanding rules of origin negotiations. And it finishes with some reflections on the sector's contemporary role in regional development strategies and the need to pragmatically reconcile conflicting demands and positions related to rules of origin.

A challenging global context

The T&C sector has an important been part of industrial development programmes in Africa. Soon after independence, infant industries in clothing sectors were nurtured and new factories established across the continent to produce clothing for national markets as well as exports. Kenya built a large clothing sector in the 1960s under an import substitution industrial strategy. Nigerian clothing manufacturing employed 200,000 workers at its peak. Zambia had more than 25,000 workers in the 1980s, including an important factory (Zambia-China Mulungushi Textiles).⁴² Traub-Merz (2006) notes that country studies from that time suggested that the textiles and garment sector accounted for 20–30 per cent of formal wage employment in manufacturing, making it the second most important manufacturing sector on the continent after food, beverage and tobacco processing.

That model of development of the sector faltered rapidly in the 1980s and 1990s under the structural adjustment programmes implemented across the continent, opening the fledgling sector to imports from low-cost, low-labour standards and competition from Asian producers of new clothes and, increasingly, from second-hand clothes. Since the implementation of those economic liberalization policies, Africa's T&C sector has generally been in decline. In Ghana, employment in the sector declined by 80 per cent from 1975 to 2000; in Zambia, it fell from 25,000 to below 10,000 in 2002; and Nigeria's 200,000-person workforce has all but disappeared (Traub-Merz, 2006).

Over the past two decades, Africa has had to contend with even more intense competition in international, regional and domestic markets from other supply sources, particularly (again) Asian countries. The current structure of the global T&C sector reflects three major factors (Dicken, 2015; Gibbon and Ponte, 2005; Kaplinsky and Morris, 2009, Schwartz, 2018):

- *The sheer concentration of global buying power in industrialized countries.* Despite the fact that they account for a tiny share of the global population, countries in Western Europe and North America account for about two-thirds of global T&C consumption, thanks to their high incomes and penchant for “fast fashion” (Thomas, 2019). The significance of this buyer concentration is their requirements for both large volumes and low prices. These requirements have made it increasingly difficult for small-scale suppliers to meet the requirements of bulk global buyers but have helped China and transnational companies (often based in Hong Kong Special Administrative Region of China and Taiwan Province of China) with a competitive advantage in organizing large-scale production runs.

It is a salient point that the bulk of value added in the sector is captured by brand - owners and logistics firms located in high-income countries. The top 20 per cent of firms captured essentially all profits in the industry over the decade 2005 – 2015 (MGI, 2016: 61). Geographical proximity to key markets has also become an increasingly important factor in competitiveness and helps explain, for example, Morocco's recent success in serving the EU market.⁴³

- *Drivers of efficiency and cost reduction.* Although the clothing sector is increasingly driven by shorter lead times, greater inter- and intra-seasonal variety and tighter logistics, cost is still “king” in the sector (Kaplinsky and Morris, 2009). The secular downward trend in the global price of clothing since the mid-1990s reflects the intensity of competition.
- *Government intervention and protective regimes.* The role of protective regimes in shaping the geographic dispersion of the industry cannot be overstressed, starting back in the 1950s when the US started asking Japan to ‘voluntarily’ restrain the export of cotton textiles and garments to the US market. This resulted in a rapid dispersion of the industry across Asia, as Japanese firms evaded the quantitative restrictions by shifting cotton textile production to Hong Kong, Korea, Singapore and Taiwan (the NICs, or Newly Industrialising Countries).⁴⁴ For Africa, preferential market access schemes have been particularly important in determining the geographic distribution of production in the T&C sector. These schemes often relax (usually temporarily) some of the restrictive measures on T&C imports to provide a window of opportunity for African producers to export to high-income markets. A notable example is the US African Growth and Opportunity Act (AGOA), signed into law in May 2000, which provided substantial quota-free access.⁴⁵

The end of the Multi-Fibre Arrangement (MFA), the special international framework that had regulated virtually all trade in the T&C sector for more than three decades, on 1 January 2005 has heightened competitive pressures. The MFA was essentially a protectionist device designed to slow the rapid demise of the sector in high-income countries—particularly in Europe and North America. Under the MFA, every T&C product was assigned a quota beyond which no further imports were allowed. The MFA was renegotiated or extended four times: in 1977, 1982, 1986 and 1991. Over time, the MFA became more restrictive, with both the European Union and the United States negotiating much tighter import quotas and resorting to anti-dumping procedures. In the words of Dicken (2015, p. 461), “The effects of the MFA on world trade

in textiles and clothing have been immense. Without doubt, it greatly restricted the rate of growth of exports from developing countries.” This agreement slowed but did not stop the flood of imports into high income economies, particularly in garments and footwear. Instead, the NICs and OECD importers relocated production to ever newer (and cheaper) production sites. Consequently, OECD producers of textiles and garments shed about 75 per cent of their workforce between 1952 and 2002 in the face of persistently rising imports (Schwartz, 2018).

With the end of the MFA in 2005,⁴⁶ however, the rules of the game changed dramatically: T&C trade was no longer subject to import quotas. While retailers and consumers in high-income countries welcomed the elimination of the MFA, developed country producers feared annihilation from competition in developing countries, especially in Asia (most of all from China).⁴⁷ But it also caused serious adjustment problems in several exporting countries in Africa that had previously benefited from quota protection through preferential market access schemes (particularly AGOA). The share of sub-Saharan African exporters in the US clothing and textiles imports had grown between 2001 and 2004, reflecting the combination of quota-access and preferential AGOA trading arrangements. The removal of MFA quotas reversed this advance, and African exporters’ share of the US market fell substantially.

The chief reason was that China and other previously quota-constrained exporters were no longer held back by quantitative controls. In Mauritius, T&C output fell by 30 per cent (Frankel, 2012). The value of Africa’s clothing exports to the United States dropped by 17 per cent in the first year after quota removal. Exports declined by 14 per cent in Lesotho and Madagascar and by 10 per cent in Eswatini (table 7.1).⁴⁸ This had an immediate knock-on impact on employment in the sector: overall employment fell by 43 per cent in Eswatini and by 26 per cent in Lesotho.⁴⁹ The falls occurred even though AGOA exporters still benefited from a tariff preference exceeding 13 per cent in clothing products. By contrast, the value of China’s exports of the same products to the United States grew very rapidly, by 58 per cent (Kaplinsky and Morris, 2009).

Eliminating the quotas affected not only the value of Africa’s T&C exports but also, crucially, prices. Once the quantitative restrictions were removed, China’s impact on unit prices was dramatic,⁵⁰ making parts of Africa’s sector uncompetitive in international, regional and domestic markets (table 7.1).

Table 7.1 Change in value of exports and unit prices in clothing exports to the United States, 2004–2005

	Value (% change)	Unit prices (% change)
China	58	-45.9
AGOA countries	-17	-0.9
Lesotho	-14	-3.2
Madagascar	-14	-9.5
Swaziland	-10	-2.7
Kenya	-3	-1.9

Source: Adapted from Kaplinsky and Morris (2009).

Note: Weighted average of top 10 products for individual countries. Unit prices calculated for top 10 products in 2004 for each AGOA country’s exports.

Phasing out the MFA thus caused a major shake-up in the global T&C sector—and China was clearly the main beneficiary, doubling its global share of T&C trade. By 2019, China alone was responsible for nearly a third of all global T&C trade. Other major beneficiaries include Bangladesh, India, Turkey and Viet Nam. Asia now dominates clothing exports, generating almost 60 per cent of the world total (figure 7.2). On the demand side, the United States and the European Union account for about two-thirds of world clothing imports. So, it is largely the high-income parts of the world (including emerging Asia) that determine the demand for garments.

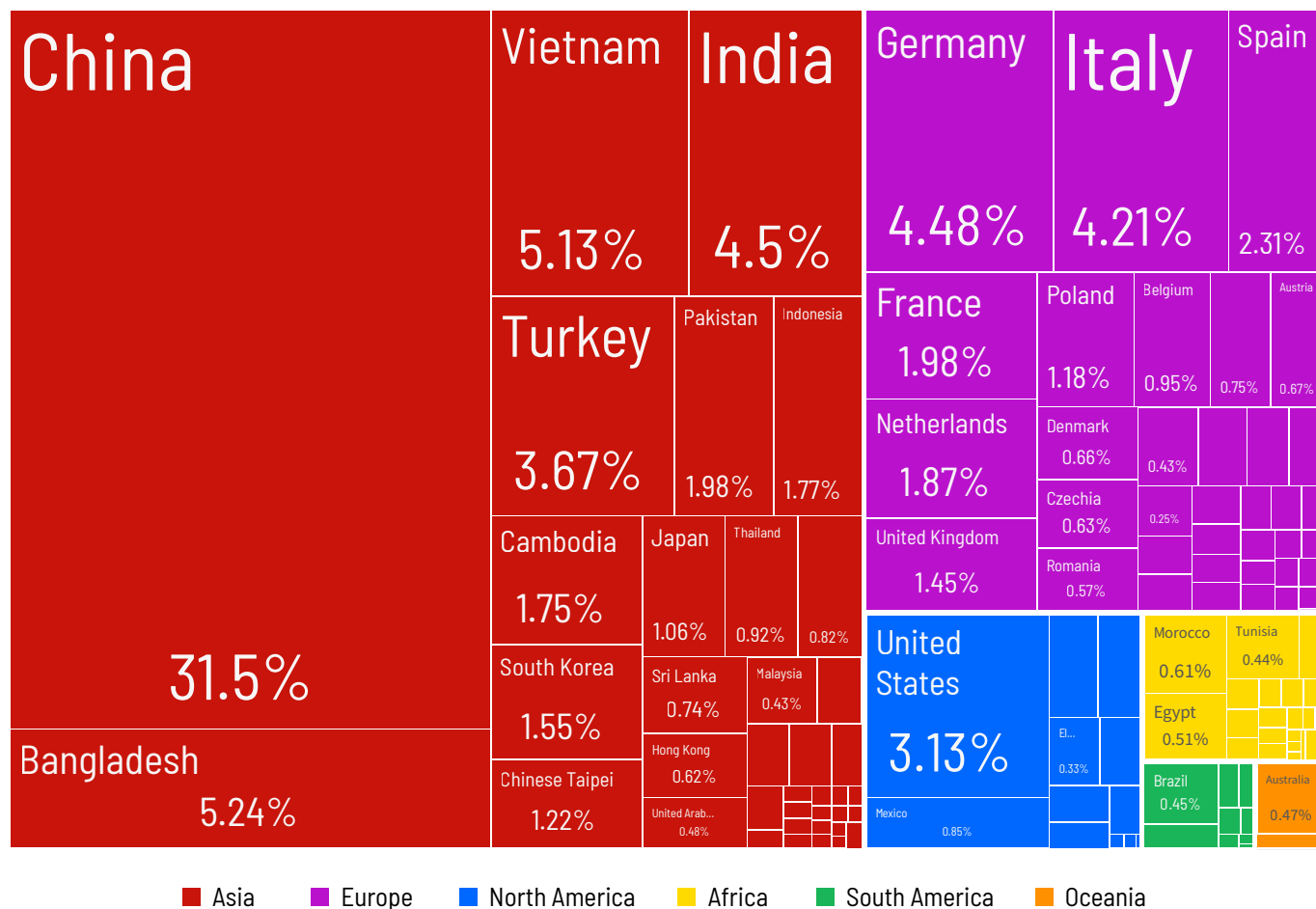
As a result of these increased competitive pressures, Africa gradually lost its market share in global T&C exports and accounted for barely 2 per cent of the global total, or \$18.1 billion, in 2019 (figure 7.3). To put that into perspective, in the same year, Bangladesh’s T&C exports amounted to \$42.8 billion. This is despite recent efforts to increase Africa’s exports in the sector, such as the industrial parks programme in Ethiopia (Oqubay, 2015),⁵¹ the expansion of textile exports under AGOA by Kenya (Signé, 2020), as well as the larger capacity of better-established T&C-producing countries on the continent (Egypt, Mauritius, Morocco, South Africa and Tunisia (Whitfield and Staritz, 2020). However, even South Africa’s apparel exports fell sharply in the 2010s due to limited international competitiveness and stiff competition in the domestic market from Asian and regional apparel exporters. North Africa’s dominance in the export sector is particularly evident, with Morocco, Egypt and Tunisia accounting for nearly 60 per cent of the continental total (figure 7.4).



Figure 7.2 Global exports and imports of textile, fibres and yarn, 2019

Exports

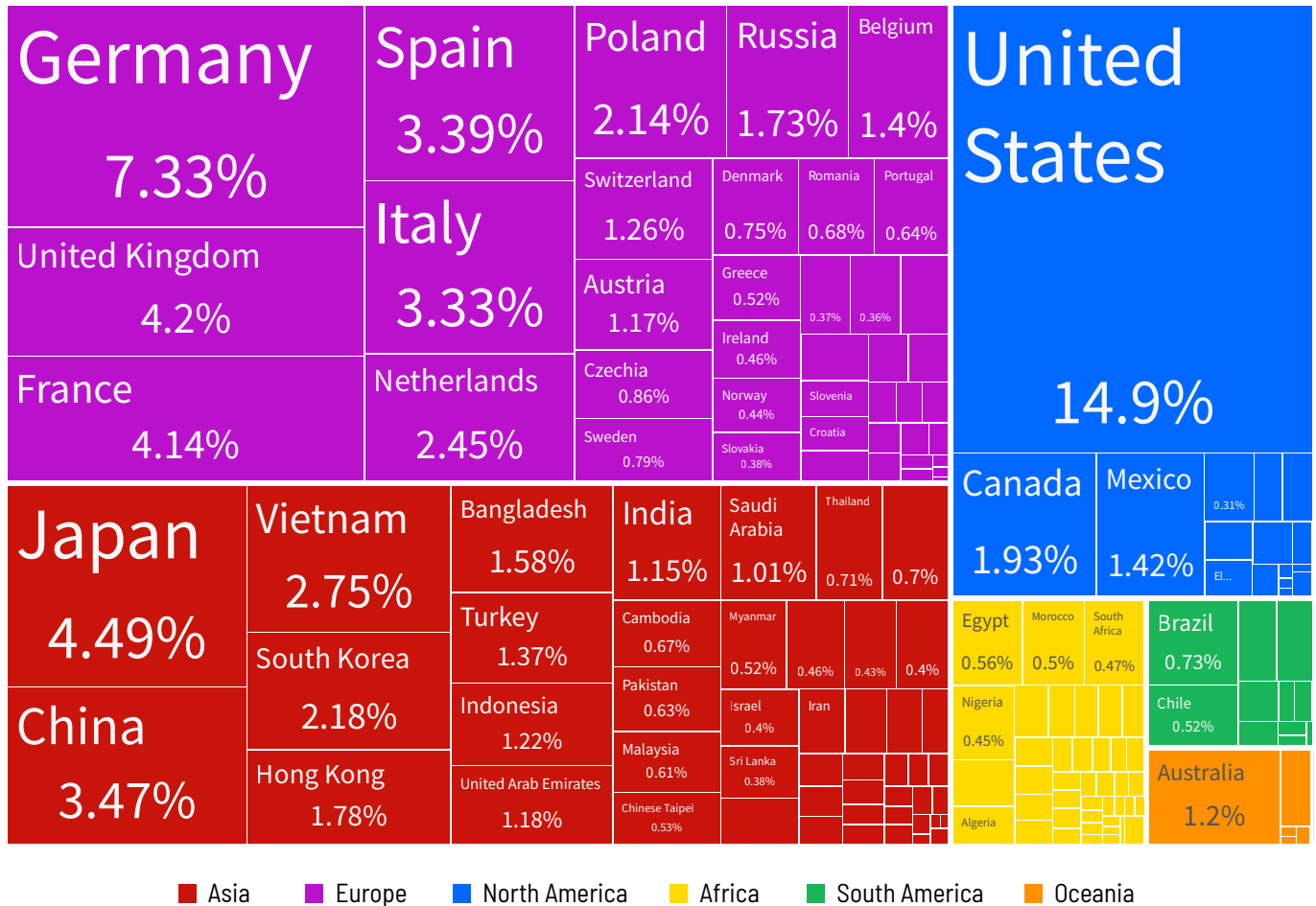
Total: \$812B



Source: <https://oec.world/en/profile/hs92/textiles>.

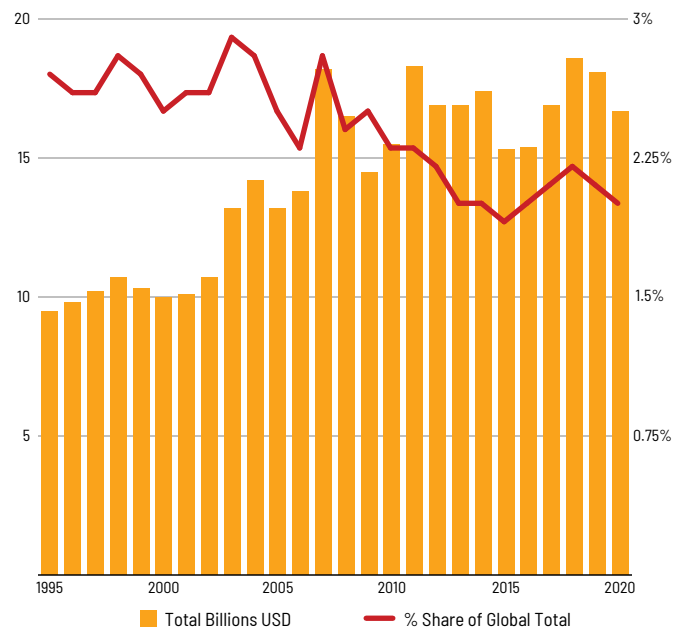
Imports

Total: \$812B



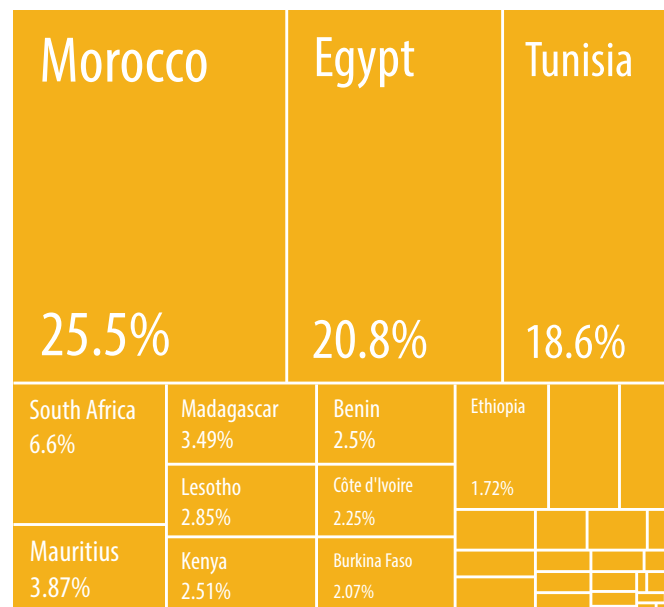
Note: Refers to fabrics and clothing under Standard International Trade Classification division codes 26, 65 and 84.

Figure 7.3 Africa's textile and clothing exports, 1995–2020



Source: Calculated based on data from UNCTADStat (2021).

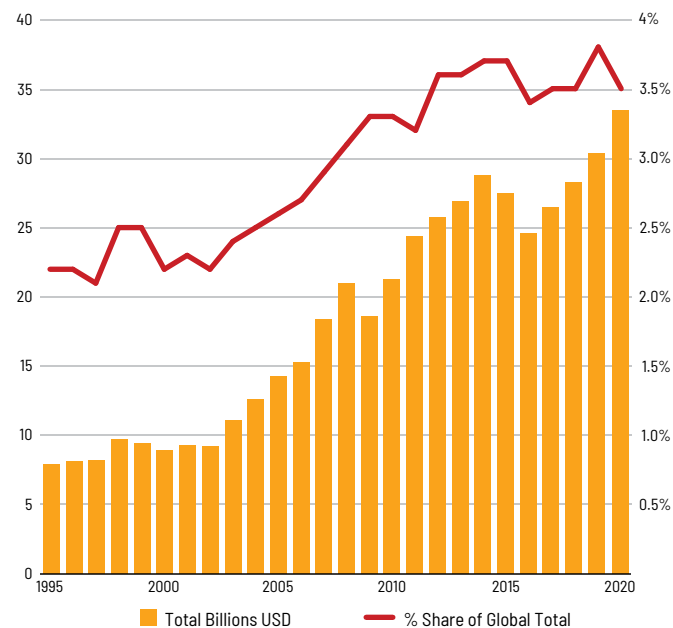
Figure 7.4 Share of Africa's textile and clothing exports, 2019 (%)



Source: OEC (2021)

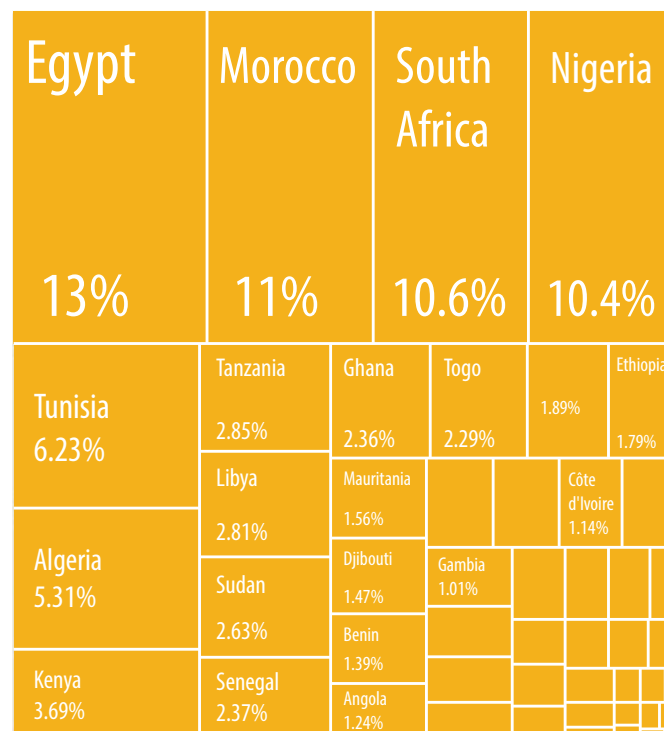
Regional and domestic markets have felt these heightened competitive pressures, too. Africa has become increasingly dependent on T&C imports, which have more than tripled since the early 2000s (figure 7.5). Reflecting the nature of clothing as an item of necessity item in household consumption patterns, it should be noted that import demand is far more evenly distributed across the continent than exports in the T&C sector (figure 7.6.) The combination of the strong demand for imports with a weak export performance has led to a rapid deterioration in the continent's T&C trade balance, from a small surplus to persistent deficits over past two decades (figure 7.7).

Figure 7.5 Africa's clothing and textile imports, 1995–2020



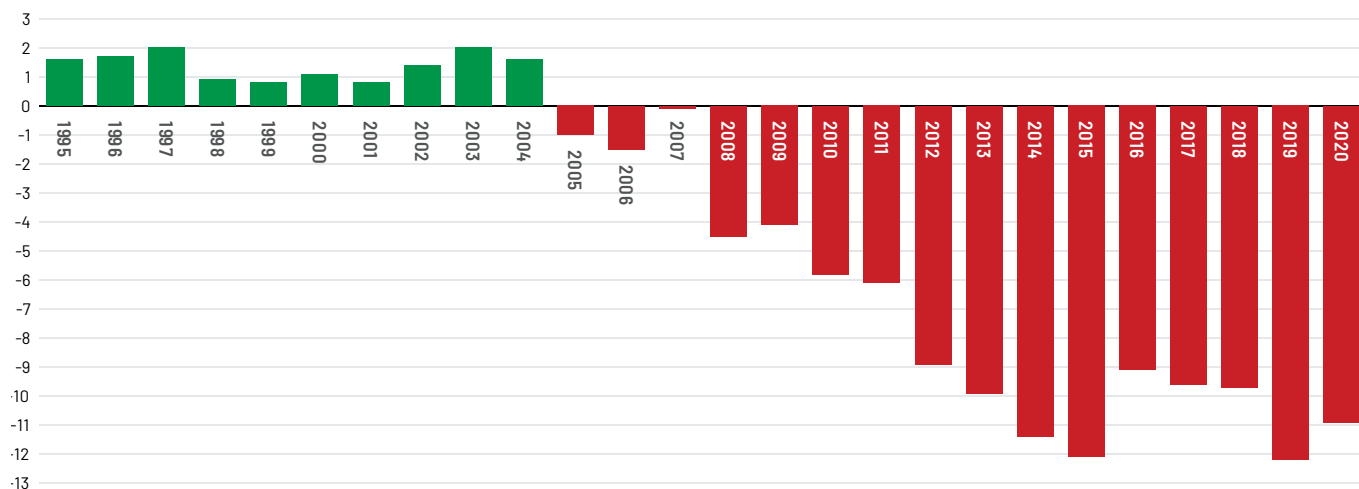
Source: Calculated based on data from UNCTADStat (2021).

Figure 7.6 Share of Africa's textile and clothing imports, 2019 (%)



Source: OEC (2021)

Figure 7.7 Africa's textile and clothing trade balance, 1995–2020 (\$ billions)



Source: Calculated from UNCTADStat (2021).

Except for South Africa (which sends over half its T&C exports to other African countries), Africa's T&C sector focuses on the global market, with only a very small share of exports dedicated to local or regional markets. For both Morocco and Tunisia, only 2 per cent of exports in the sector stay in Africa (table 7.2). By sub-region, only Southern Africa has an appreciable amount of intra-regional T&C trade, about 22 per cent of the sector's total trade (figure 7.8). In other words, the continent's T&C sector has become exceedingly extroverted and dependent on catering to the demands of high-income importers. This may also partially explain the relative fragility in the sector, with successive busts and booms (see section 5 for more on this point).

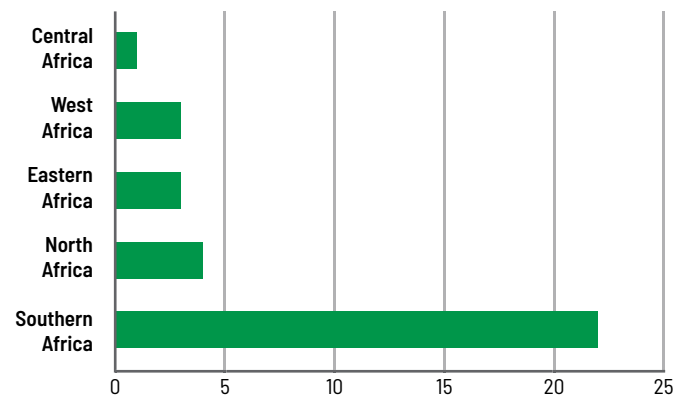
Figure 7.7 Africa's largest textile and clothing exporters, 2020

	Million (\$)	Intra-Africa (%)
Morocco	4,169	2
Egypt	2,781	10
Tunisia	2,749	2
South Africa	1,160	54
Benin	860	11

Source: UNCTADStat (2021).

Figure 7.8 Intra-Africa textile and clothing trade, by sub-region (% of the sub-region's total exports)

Source: UNCTADStat (2021).

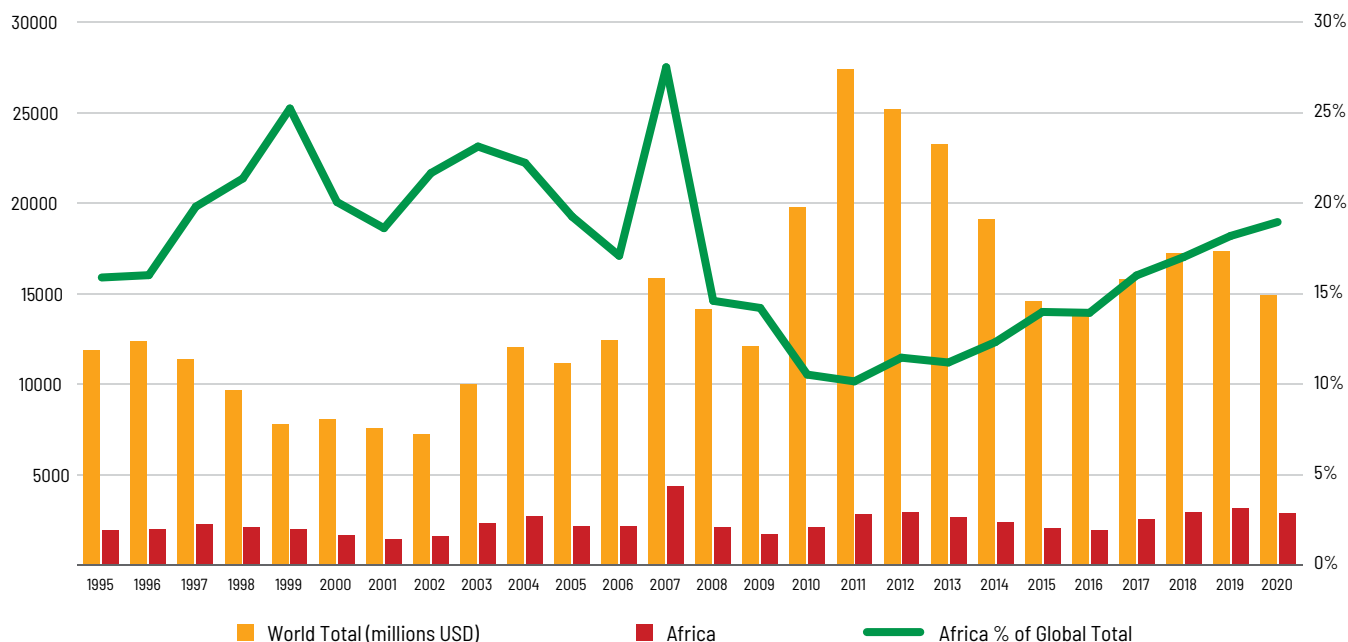


Strong but underused capacity in cotton production

Despite the adverse trends in T&C trade, Africa has done better in retaining an important share of global cotton exports. In 2019, world production of cotton was valued at \$46 billion, and global trade of cotton reached \$15 billion. Moreover, the cotton sector employs an estimated 150 million people across 75 countries, so it has important implications for global poverty reduction (FAO, 2021).

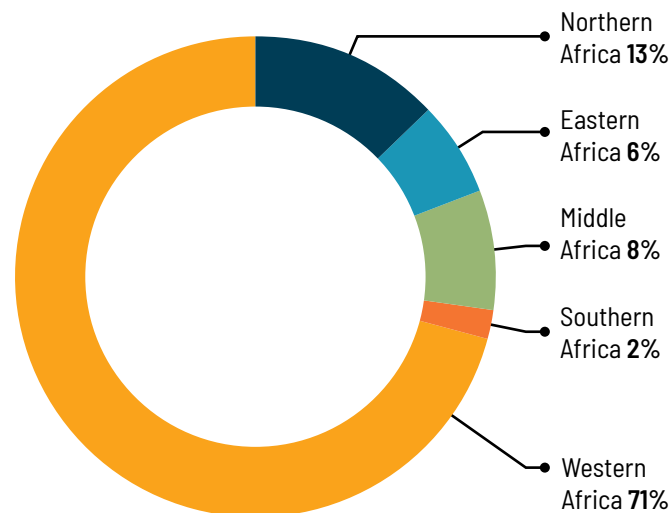
Just prior to the global financial crisis of 2008–2009, Africa's share of cotton exports peaked at over a quarter of the global supply (figure 7.9). The leading producers of cotton include Burkina Faso, Mali, Egypt and Benin (Kamau, 2019). Although synthetic textiles have risen in prominence in recent decades, cotton retains a very important role in the global fashion sector. Some 450,000 Africans work in the cotton sector (Mordor Intelligence, 2021), most of them in West Africa, which is responsible for nearly three-quarters of the continent's cotton exports (figure 7.10). Yet about 60 per cent of this cotton is exported raw, mainly to Asian countries (Kamau, 2019). Intra-Africa trade in cotton is miniscule, with just 7 per cent of Africa's \$2.8 billion of cotton exports destined for the African market.

Figure 7.9 Global and Africa's cotton exports, 1995–2020



Source: UNCTADStat (2021).

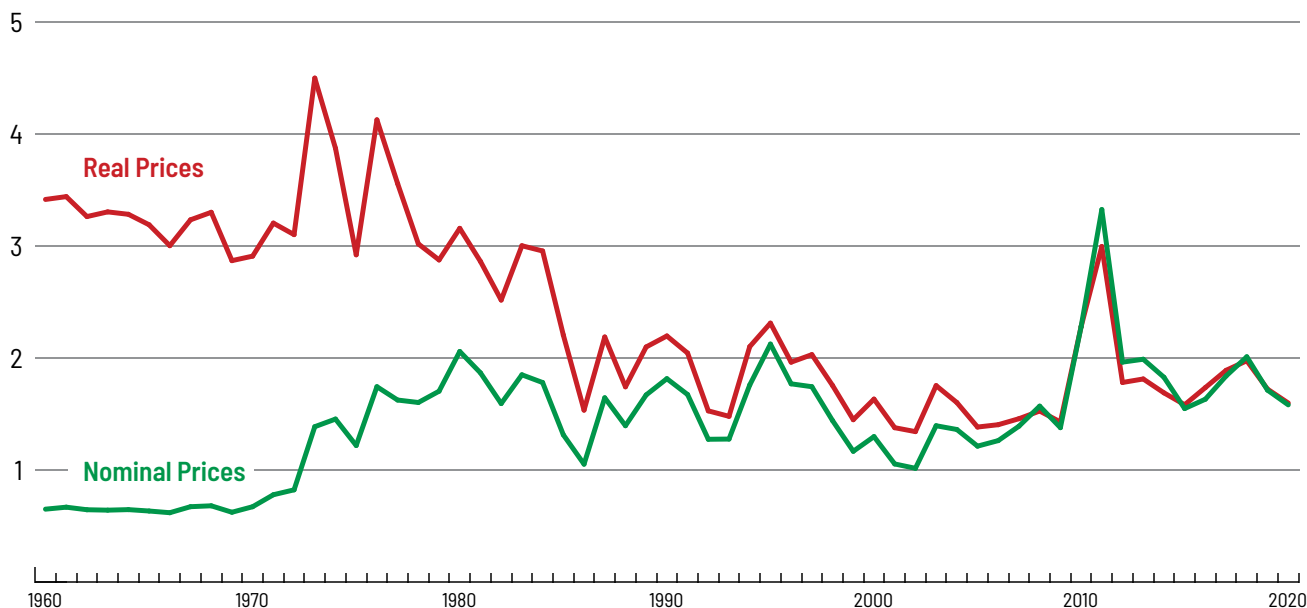
Figure 7.10 Share of Africa's cotton exports, by sub-region, 2019



Source: UNCTADStat (2021).

Some important strategic questions surround the future of the Africa's cotton sector. Historically, the relationship between cotton production and poverty reduction on the continent (and indeed elsewhere in the world) has been complex.⁵² Part of the explanation is that the sector has had to contend with low prices on world markets and a global value chain that pushes price volatility onto farmers rather than sharing it across the value chain among farmers, ginning companies and traders (figure 7.11; Brooks, 2019). Depressed farmgate prices exacerbate raw material shortages for the T&C sectors as farmers reduce production or shift to other crops (UNCTAD, 2019a).

Figure 7.11 Cotton nominal and real prices, 1960–2020 (A Index \$ per kilogram)



Source: World Bank (2021).

One aggravating factor is the extent to which the United States has subsidized its cotton farmers, thereby distorting the world cotton market, deflating international cotton prices and enabling US farmers to maintain their position as the largest cotton exporters. US subsidies reduce world cotton prices by an estimated 10 per cent (Brooks, 2019). Developing countries have applied through the World Trade Organization (WTO) to reform the programme, and the WTO has twice judged US subsidies to be illegal, but the US government has failed to act.

Another distortionary factor in the global cotton sector is the dominance of the one country that is increasingly controlling cotton prices: China. In 2009–2010, China overtook the United States as the largest dispenser of cotton subsidies. China is also the largest importer of cotton, accounting for 36 per cent of all imports (followed by Bangladesh, Turkey, Indonesia and Viet Nam), and holds half the world's stockpile. Cotton production in Africa is increasingly influenced by Chinese market dominance, and China has become the primary destination for African cotton. Yet Chinese trade regulations negatively affect African cotton farmers, as China “imposes import duties from 5 per cent up to 40 per cent on cotton imported outside of the annual 894,000-ton import quota related to WTO obligations. If China were to allow entry of African cotton free of duty, such cotton would therefore gain some competitiveness versus other origins of cotton” (ICTSD, 2013, p. 4).

The implications of the depressed cotton prices are reflected in reduced cotton production in several cotton-producing African countries (Gillson, 2005). Low prices coupled with high input costs at the farm level have caused volatility in cotton production as farmers switch to alternative agricultural products as part of their livelihood-coping mechanism. A rational policy response would include upgrading national and regional value chains in cotton-producing African countries.

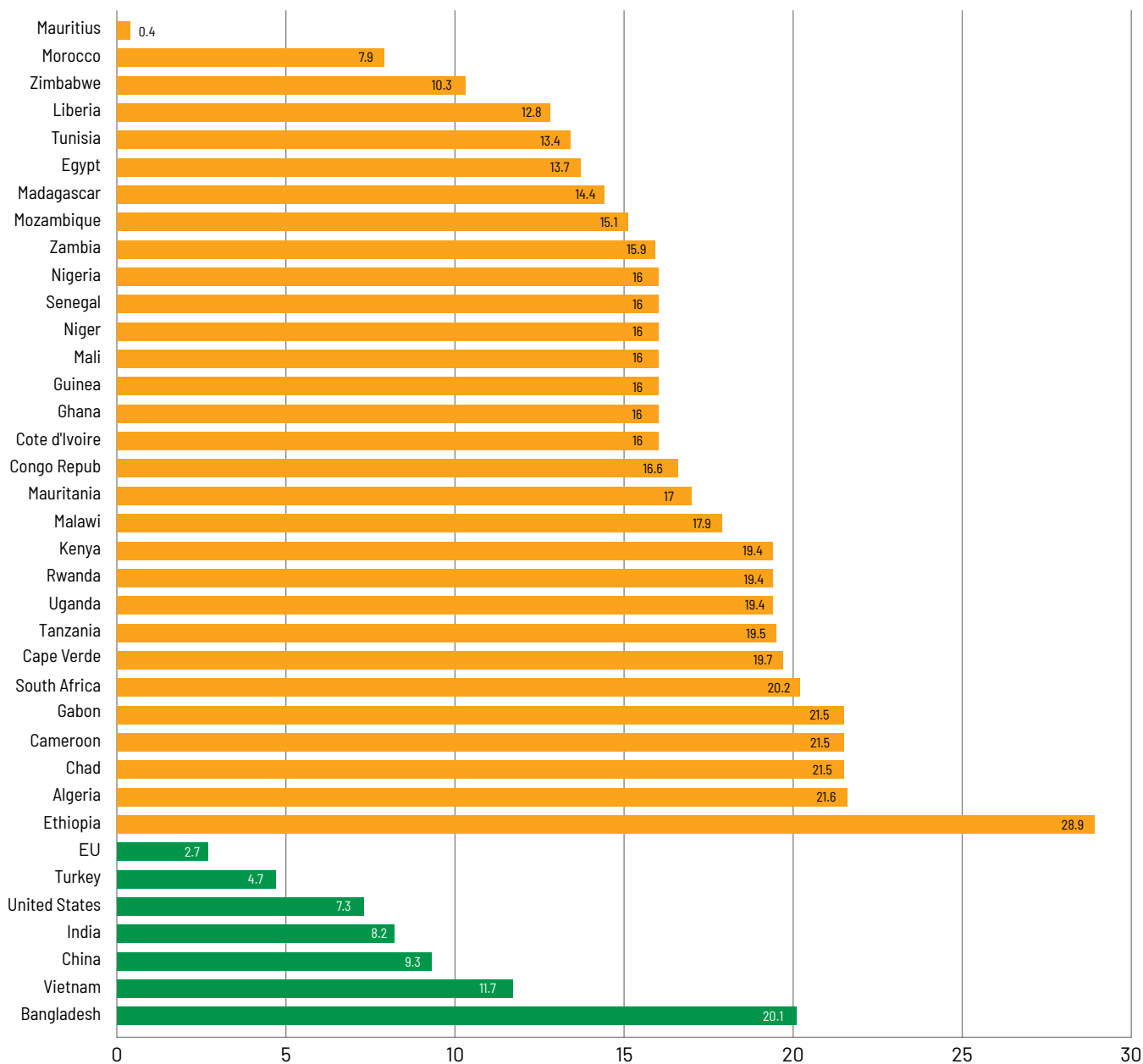
Policies to revive Africa's textiles and clothing sector

As noted in the previous section, the global T&C sector has developed under protective regimes characterized by high government intervention. In recent history, this has been most clearly illustrated by the MFA. When many of the barriers to garment imports were finally phased out in 2005, European manufacturers were not prepared to face the increased competition, and some 80 million Chinese-made garments were blocked at European ports by new trade barriers, in contravention of WTO rules. The United States imposed similar barriers restricting the import of garments, and it took three more years before import restrictions were completely phased out.

The WTO dispute settlement mechanism is designed to ensure that trade flows smoothly, so in principle the mechanism can play an important role in governing the global circulation of clothing. Countries frequently resort to the WTO in sectoral disputes. Many of the disputes associated with barriers to trade relate to clothing products, including US textiles, Argentine leather, Australian boots, Egyptian apparel and Indian cotton (Brooks, 2019). The political economy of tariff imposition has clearly not worked in Africa's favour—as witnessed by the absence of WTO textile cases where Africa is the plaintiff—due mainly to the continent's weak negotiating power in global trade forums.

Moreover, the negative trends in Africa's T&C sector noted in the previous sections occurred despite the fact that the continent generally still imposes, by global standards, high tariffs on the sector (figure 7.12), suggesting that protectionism through tariff measures alone has not dampened demand for imported textiles and clothing.⁵³ From a broader perspective, the general consensus is that greater attention needs to be paid to the opportunities for upgrading the sector's overall competitiveness and its potential to integrate into regional and global value chains. One important consideration is that apparel manufacturing—rather than textile manufacturing—is the main job creator in the value chain (even though textile manufacturing helps the sector be more self-reliant and supports cotton growing). Without apparel capacity, textile manufacturing has no market. This suggests that apparel manufacturing should be the prime sector to support initially, with long-term sustainable backward and forward integration to follow (Bedi, 2021).

Figure 7.12 Average applied tariff rates on textiles and clothing, Africa and comparator countries (latest year)



Source: Observatory of Economic Complexity (2021).

Competitiveness implies adopting policies that nurture capabilities for design, branding and distribution. One irony of the sector's current weakness is the evident vibrancy of Africa's fashion industry. A new generation of African designers are being lauded internationally for promoting traditional African styles that (Banjo, 2021,p. 83):



...are perfect for an era that celebrates authenticity. A focus on sustainability—fabrics sourced from local artisans, jewellery from recycled materials—suits the growing demand for “slow fashion” which will define the next decade. Increasingly designers are backed by African entrepreneurs. In October 2021 Roberta Annan, a Ghanaian businesswoman, launched a €100m (\$116m) fund to be based in Luxembourg that will award grants to small- and medium-sized African creative and fashion enterprises.

The internet, too, gives them a global shopfront. Industrie Africa, an online catalogue of emerging designers, based in Tanzania, recently added an e-commerce platform to its site. Never has it been easier for designers to reach globetrotting millennials with money to spend and social consciences to engage...African fashion is taking off, and some of the world's leading fashion houses will be hanging on to its coattails.”

There is a need to capitalize on such positive trends. More broadly, the competitiveness in Africa's T&C sector is complicated because of logistical challenges that raise the cost of inputs coupled with skilled labour constraints and low capacity utilization (UNCTAD, 2017). Yet with the AfCFTA implementation, the opportunities for greater intra-Africa trade are considerable—both through supplying intermediate products (inputs) and through selling garments directly to the burgeoning African market. Firms that can source key inputs locally or regionally have the potential to foster greater backward links and upscale local content (Boys and Andreoni, 2020).

International versus continental markets for future growth?

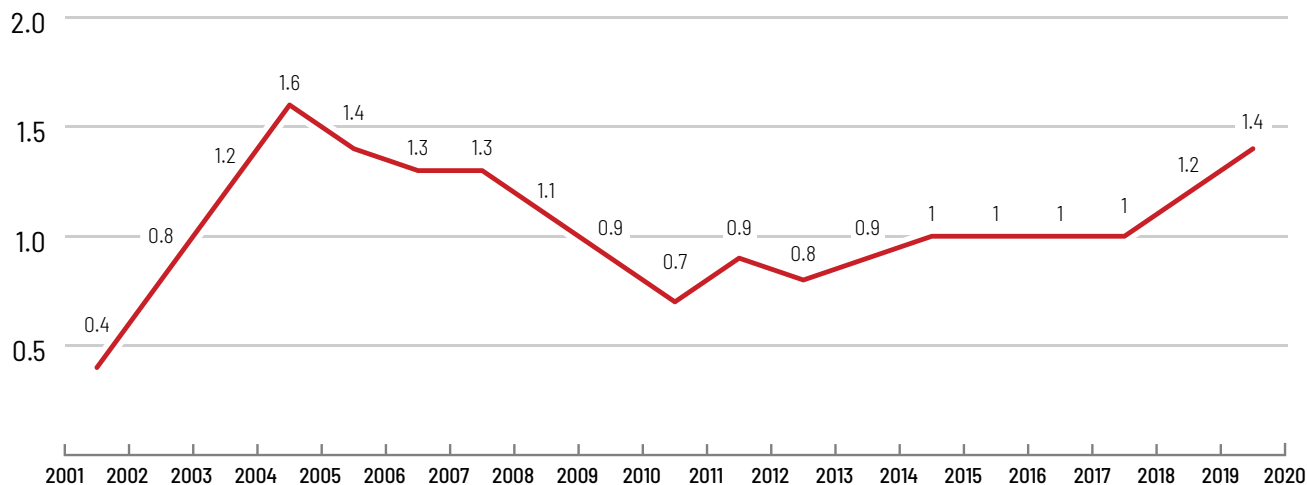
These stylized facts about Africa's reduced role in global T&C trade suggest the geographic prioritization for future market growth. The previous section highlighted the relative vigour of Africa's cotton sector on international markets. This relative strength needs to be fully leveraged. However, as the continent moves towards implementing the AfCFTA, most African countries desire to move away from producing raw materials for global markets to focus on greater diversification and higher value-added in production and trade in the clothing sector.

As noted earlier as well, the main markets for clothing exports from Africa have been the United States and the European Union. Yet as we shall see in this section, those trading relations have often been proven to be fragile. Part of the issue relates to the advantages conferred by proximity to the major consumption markets. Because fashion garment retailers have rapid turnover, reflecting the idiosyncrasies of particular markets, geographic proximity to markets has become vital. This explains not only the survival of many developed country clothing manufacturers, despite their high labour costs, but also the relative advantage of low-cost countries located close to the major consumer markets of the United States (for example, Mexico and Caribbean countries), Europe (for example, Central and Eastern European and Northern African countries) and Japan (for example, Asian countries; Dicken, 2015).

But a further and fundamental problem for Africa is the impermanence and conditionality of the preferential market access schemes from which it “benefited.” These characteristics undermined the schemes' utility for African producers. AGOA, for instance, was initially evaluated in a positive light (Kaplinsky and Morris, 2009). In 2004, excluding Mauritius and South Africa, more than 95 per cent of sub-Saharan Africa's clothing and textiles exports to the United States were through AGOA preferential trade access. According to Kaplinsky and Morris (2009, p. 1641) “The impact that this clothing and textiles-based industrialisation process has had on creating wage employment and reducing poverty in these poor SSA [sub-Saharan African] countries has been huge.”

But AGOA subsequently proved to be little more than a flash in the pan. A more extensive evaluation several years later noted that AGOA had had a positive impact on the apparel sector in only a small number of African least developed countries (Condon and Stern, 2010). Total apparel exports under AGOA provisions reached \$1.6 billion in 2004, a peak that has yet to be reached again since (figure 7.13).

Figure 7.13 Exports to the United States under African Growth and Opportunity Act provisions, 2001–2019 (\$ billions)



Source: agoa.info (2021).

AGOA's lack of impact highlights the fundamental weakness of depending on preferential market access to build up a resilient textile sector. In a similar vein, while generous on paper, the European Union's Everything but Arms initiative has strong rules of origin, which have handicapped Africa-based textile companies' ability to source intermediate products from the most economical sources (Portugal-Perez, 2008). AGOA beneficiaries have also suffered from the temporality of market access provisions. After successfully expanding exports to the US market in the early 2000s, Madagascar was suspended from AGOA because of political problems surrounding its 2008 election, and its exports crashed.⁵⁴ In a more recent example, having been a beneficiary since the launch of the programme, Ethiopia was suspended from AGOA Ethiopia on 1st January 2022 due to alleged human rights violations in the context of the Tigray conflict (Thomas, 2021). This put at risk many jobs that had been created to produce garments for the US market, particularly the Hawassa Industrial Park which employs upward of 25, 000 workers.⁵⁵

Lesotho offers another interesting case. Its apparel sector grew from just a handful of factories in the 1990s to the private sector with the most employment—more than 50,000 jobs (filled mostly by women)—and directly and indirectly benefiting 13 percent of the population. Between 2001 and 2004, in the early years of AGOA, T&C exports from Lesotho to the United States grew from \$140 million to \$450 million—a 220 per cent increase (Marie-Nelly and Baskaran, 2021). But those exports declined sharply with the collapse in US demand due to the 2008–2009 global financial crisis, together with heightened competition due to the phasing out of the MFA in 2005.

Lesotho's T&C sector has recovered in recent years mainly by reorientating its trade and building a regional value chain. The manufacturing sector grew by 34 per cent between 2014 and 2019, owing largely to tripled T&C exports to South Africa, which has offset some of the decline in exports to the United States.⁵⁶ This is a good illustration of the potential advantages of greater dependence on regional markets, including reduced demand volatility and guaranteed market access.

Getting the rules of origin right

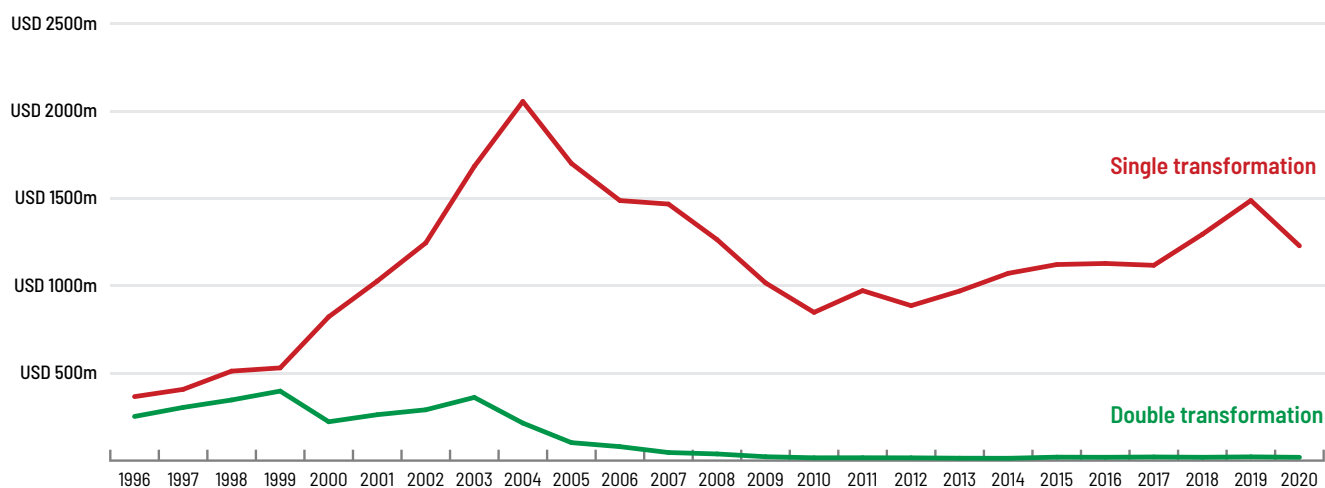
Finally, the previous discussions highlight the primacy of rules of origin in determining success in T&C exports.⁵⁷ In the context of the AfCFTA, the main argument for single transformation, or a simple value addition threshold of 35 per cent or a change in tariff heading (for example, within the Common Market for Eastern and Southern Africa), is that it makes it easy for products to qualify for free trade area treatment, which attracts market-seeking domestic, regional and foreign investment in the T&C sector. More stringent requirements are argued to assist backward and forward links to value chains and the economy at large, which is the main argument for double transformation. Furthermore, fabrics imported from third countries to be simply cut and knit tend to destroy local fabric production and in some cases amount to theft of intellectual property rights (like Chinese-made or Dutch-waxed fabric that imitates West African fabrics such as Ivorian woodin).

The triple transformation argument then goes further, on the basis that Africa produces lots of cotton (it is the fifth largest global producer), which is enough to be sourced for T&C products that seek free trade area treatment, to promote links and value chains and to increase intra-Africa trade and advance industrialization.

AGOA extended the Generalized System of Preferences (GSP) offered to low-income economies to the T&C sector, and this is the major reason why AGOA's benefits were limited mostly to this sector. AGOA incorporated different rules of origin from those in the GSP, building on procedures established early in the 1990s related to the Caribbean Basin Initiative allowing for the use of US-origin inputs or regional inputs in calculating minimum value added (35 per cent; Kaplinsky and Morris, 2009).

Despite these concessions, few African economies were initially able to meet the rules of origin in the T&C sector. So, AGOA-qualifying countries that were also classified as least developed countries were also subject to a further amendment to GSP rules of origin freeing them from the minimum value-added requirement (Kaplinsky and Morris, 2009). Countries that benefited from the relaxed US rules of origin continued exporting textiles to the US market under the AGOA provisions, while African countries that still had to comply with double-transformation requirements saw their exports to the US market dry up (figure 7.14).

Figure 7.14 Single versus double transformation under the US African Growth and Opportunity Act



Source: MacLeod(2021).

As previously discussed, however, even this advantage subsequently proved insufficient to compensate for increased competitive pressures globally, and African producers' share of the US market gradually declined. The lack of backward integration in AGOA beneficiaries has limited the program's benefits. Quite simply, AGOA's impermanence and the arbitrary way AGOA market access has been suspended have undermined incentives to long-term investment in the value chain.

AGOA is thus an opportune example of both the potential and pitfalls of using rules of origin to boost production. Two recent articles (Signé and Madden, 2021; Tsowou and Davis, 2021) stress the importance of striking a balance: Strict rules of origin provide greater incentives for local or regional production—but at the risk of choking capacity to produce competitively. Relaxed rules of origin may allow the T&C sector to source more competitively—but at the cost of local value added and employment.⁵⁸ Ultimately, the latter strategy may also be insufficient to compensate for wider challenges related to the global competitive environment. The case of Mexico, in the context of the North American Free Trade Agreement, also provides a salutary reminder about getting the balance right (box 7.1).

Box 7.1 Rules of origin and the North American Free Trade Agreement—the Mexican experience

A cautionary tale is the experience of Mexico in the context of the North American Free Trade Agreement (NAFTA). NAFTA eliminated tariffs and quotas on clothing imported from Mexico to the United States. But restrictive rules of origin stipulated that clothing must be cut and made from fibre originating in North America to qualify for duty-free access. This allowed the United States to charge higher textile prices to apparel producers in Mexico, undermining the long-term competitiveness of the Mexican clothing sector (UNCTAD, 2019a). The greatly increased share of US clothing imports from Mexico in the 1990s thus proved to be ephemeral. By contrast, the share of US clothing imports from China rebounded, overtaking the share from Mexico by 2003—and by 2011, US clothing imports from China were more than eight times those from Mexico (Dicken, 2015).

Rather than searching for a single cross-cutting rule for all T&C chapters and headings, there could be merit in considering customized rules at the sub-heading or even tariff-line level. This would allow enough “elbow room” to accommodate the various positions, ranging from cotton producers who want all the cotton used to be sourced from Africa to those countries who wish to have simple change in tariff heading or value addition of 20 per cent.

Ultimately, however, double or triple transformation by itself cannot lead to structural transformation and industrialization. Rather, the thrust of industrial policy should be to support technological and industrial upgrading, branding and fashion, digital trade, affordable and accessible finance, market intelligence for trade and investment opportunities, agglomeration and clustering, extension services, and training and skills. A continent-wide work program or sector pact on T&C and retail could, in this context, be beneficial, avoiding the dangers of uncoordinated industrial policy at the regional level (Odijie, 2018).

The experiences of other developing countries provide some support for the need for proactive industrial strategies anchored in the development of capabilities. In Bangladesh, the double transformation requirement under the EBA preferential arrangement was a trigger, spurring the Dsh-Daewoo partnership to catalyse the vertical integration of the T&C sector. Targeted government policies and investment in logistics fostered backward linkages in spinning, weaving/knitting, dyeing and finishing. Similarly, the role of government intervention has also been evident in targeted measures in support of the T&C sector in Ethiopia and Lesotho (Balchin and Calabrese, 2019).

Conclusion—reconciling conflicting demands

Several final policy considerations are pertinent to the future trajectory of the T&C sector in Africa:

- *Anticipating technological change.* In the context of the Fourth Industrial Revolution (Kaplinsky, 2021; Schwab, 2016), technological advances are rapidly impacting T&C production. Clothing manufacture can already be robotized today, but robotization for sewing will probably remain more expensive than manual labour for the next 15–20 years.⁵⁹ Chinese companies are investing heavily in automating all other processes while shifting production to neighbouring Asian countries.⁶⁰ Technological advances have also allowed Europe to retain a much larger share of the T&C sector than would have otherwise been the case for high-income economies. It seems reasonable to assume that past precedent is not a good way to develop models of industrial development for the T&C sector. Strategies to boost the sector in Africa need to take into account these rapid technological changes.
- *Scaling up the sector.* Any interventions aimed at raising the competitiveness of Africa's T&C sector should also create mechanisms to boost production scale. Economies of scale are typically correlated with potential for product competitiveness, and this approach appears to have worked for Asia's T&C sector (Xiaoyang, 2014). For instance, Bangladesh's success in terms of promoting apparel exports is often ascribed to small firms, yet in reality exports are dominated by a group of middle-to-relatively large firms. There are currently over 4,400 firms producing garment items for export purposes in Bangladesh, but the average size of a Bangladeshi firm is 797 employees per firm, much higher even than some competitor countries like Vietnam (426 employees per firm) and China (269 employees per firm) (Swazan and Das, 2022). In comparison, few of the major players in Africa could currently be considered as major players.⁶¹ Yet, few major players in Africa dominate the market.⁶² The AfCFTA provides a unique opportunity for the continent to scale up its activities in the sector.
- *Adopting policies on second-hand clothing imports.* A new competitive threat is the international wholesale trade in second-hand garments, estimated at \$5.0 billion in 2019—small compared with the total global clothing trade (UNCTADStat, 2021). Africa is disproportionately represented in the second-hand garment trade, accounting for nearly a third of global imports. An estimated 80 per cent of Africans wear second-hand clothes, most of it imported from the United States, Europe, India and Pakistan (Commonobjective, 2021). Policies for second-hand clothing are a complex issue, as the ill-fated recent attempt to restrict imports into the East African Community recently showed (Wolff, 2021). However, despite global competitive pressures in the sector, South Africa has conserved an important T&C sector and banned the import of second-hand clothing. Were such a policy adopted more widely on the continent, there would certainly be transition costs, in terms of raising the price of clothing for the poorest citizens. But this should not necessarily justify the status quo—effective economic policymaking means taking a long-term view.
- *Confronting growing environmental concerns.* Concern is increasing internationally about the large environmental impact of the T&C sector, which accounts for about 10 per cent of global emissions and has a large environmental footprint.⁶³ For instance, cotton production relies heavily on pesticides. While only 2.4 per cent of the world's arable land is planted with cotton, 24 per cent of the world's insecticides and 11 per cent of pesticides are used to grow it. Cotton is also the most water-intensive crop, with 7,000–29,000 litres of water required to produce just one kilogram of cotton (Mikolajczak, 2019). Sustainability needs to be factored into new policy measures, especially in anticipation of future restrictions arising from environment-related measures taken at the global level.
- *Addressing weakness along the value chain.* A recent survey of cotton-related industries in the United Republic of Tanzania, Uganda, Zambia and Zimbabwe found that limited supply of raw material was the root challenge facing cotton by-products businesses (UNCTAD, 2019b). The total quantities of some raw materials, such as linters and hulls, preclude them entirely from commercial-scale ventures. This mirrors the challenge facing the apparel sector, which has largely collapsed in these countries. Notwithstanding the environmental concerns flagged above, this highlights the need to address cotton production as part of a value-addition strategy, chiefly by reviving incentives for African farmers to grow cotton. The large amounts of cotton being exported from Africa and fabric being imported into Africa also highlight the need to address coordination failures and inefficiencies at the continental level—challenges that can best be addressed within the AfCFTA framework.
- *Rules of origin.* Several important considerations of principle come into play on the crucial issue of rules of origin. As discussed above, excessively strict rules of origin have limited the benefits for African producers from preferential market access schemes such as AGOA and Everything but Arms. But there is also evidence that strict rules of origin have undermined the competitiveness of regional integration schemes (see box 7.1). The compromise suggested in the previous

section—taking a more disaggregated approach to setting rules of origin—may help overcome the impasse in the current negotiations.

The final observation of this chapter is more qualitative in nature. In developing a long-term strategy for the T&C sector, realism and pragmatism are needed, especially given the recent trajectory of the global market. There is no escaping the fact that the T&C sector has traditionally been built on exploitative labour force conditions, particularly during the first wave of industrialization in the 19th century, when conditions were best described as “Dickensian” (Hobsbawn, 1999). Indeed, the T&C sector has never been able to shake its association with highly exploitative production processes. Despite being revived in the late 1990s, the aforementioned Zambia-China Mulungushi Textiles company finally closed its factory gates in 2006 after a dispute over national minimum wage legislation, which Chinese management insisted would make the company economically inviable (Brooks, 2019). Tensions have also emerged in Ethiopia over working conditions and low salaries.⁶⁴ Barrett and Baumann-Pauly (2019, p. 5) argue that:

“Ethiopia faces a choice when it comes to manufacturing clothes for Western consumers: Will it emulate China or countries like Bangladesh, Cambodia, and Honduras? The answer to that question points to a broader one: Under what conditions do manufacturing jobs lead to improved worker welfare and sustained economic development?”

Against this we also have to consider that the nature of manufacturing has changed in recent decades. For instance, agro-industry is more labour intensive than most traditional manufacturing, such as the T&C sector. In Ethiopia, the total number of workers employed by agribusiness in floriculture in 2012 was already considerably larger than total employment in T&C manufacturing. In Kenya, meanwhile, there were 125,000 workers in the cut-flower sector in 2015, about three times the number in textiles (Cramer, Oqubay and Sender, 2020).

Given the technological changes and pressures of the global marketplace, is this a sector where Africa wants to carve out a more substantial niche for itself? Or would it be better to focus on other activities with higher value added that are less susceptible to disruption by global forces beyond its control? As Traub-Merz (2006, p. 12) put it:

“What matters most from an economic perspective is the extent to which an industrial development strategy based on T&C is primarily focusing on supplying domestic markets, where national policies may provide a protective environment or whether it is primarily targeting international markets, where market share must be captured from advanced competitors.”

These are neither easy questions to answer nor straightforward decisions to make, but in the context of the ongoing AfCFTA implementation, it is crucial that the right strategic choices are taken.

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8. ENHANCING THE ROLE OF WOMEN IN AfCFTA TRADE

Mary Mbithi

Introduction

Both men and women trading across borders in Africa face trade barriers, but small-scale women traders face disproportionately higher barriers because of informality and gender challenges. Women account for 70–90 per cent of small-scale cross-border traders in the Eastern and Southern Africa region. Increasing women's participation in intra-regional trade in Africa has great potential to contribute to the African Continental Free Trade Area (AfCFTA) objectives of inclusiveness, gender equality and socioeconomic and structural transformation of the state parties.

Regional integration, gender inequality and the role of women in trade

Regional integration has gained great importance over the past three decades. Numerous regional trade integration initiatives with trade at the core have been notified to the World Trade Organization (WTO). Regional integration initiatives the world over seek to address the issues confronting nations with common interests—issues that, when addressed, contribute to economic growth and development in general. A free trade area such as the AfCFTA is an important piece of infrastructure for regional integration, as it expands market access, provides rules of the game and reduces trade costs, all of which present opportunities to increase trade among participating trade partners.

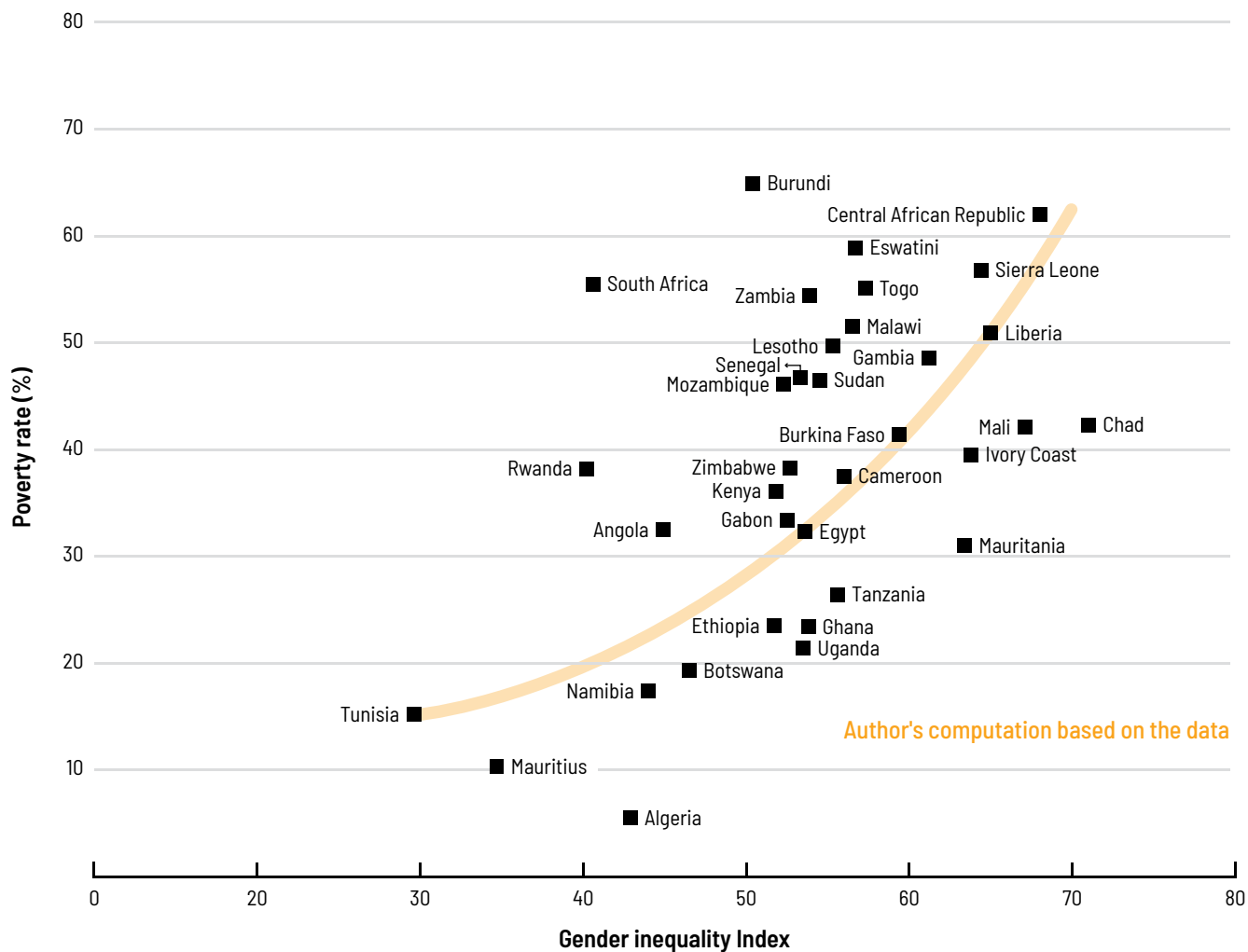
Gender inequality is the situation that exists when women and girls have different rights, responsibilities and opportunities from men and boys (UNDP, 2014) and has refused to go away. Globally, women lag behind men in many aspects critical to economic development. Gender inequality also lags behind the growth and development of individuals and countries and the transformation of economies as well, with an adverse effect on all people, irrespective of gender.

It will take 136 years to achieve gender equality globally, a value increased by the COVID-19 pandemic (WEF, 2021). Gender gaps continue to persist in economic participation and opportunity, education attainment, health and survival, and political empowerment. Great strides have been made towards closing the gender gap in education attainment and in health and survival, but the gap has been harder to close in economic participation and opportunity and in political empowerment. For example, it will take more than 267 years to bridge the gender gap in economic participation and access to opportunities (WEF, 2021).

In Africa, gender inequality has persisted. At the current rate of progress, it could take more than 142 years for Africa to achieve parity (McKinsey Global Institute, 2019; WEF, 2021). The persistence of gender inequality in different economic spheres has prompted nations to develop frameworks that integrate gender equality and women's empowerment measures, from the national through the regional and global levels.

Poverty is another global development challenge of the 21st century that has persisted in Africa. Poverty rates vary and depend on countries' ability to respond, take mitigative measures and adapt to new opportunities that contribute to poverty reduction. At every level, poverty is largely an issue of resource distribution, so countries or regions with higher inequality, including gender inequality, tend to have high poverty (figure 8.1).

Figure 8.1 Poverty rate and gender inequality in African countries, 2019



Source: Poverty rate, UN World Population Review (2021); Gender Inequality Index, UNDP (2020).

Note: The Gender Inequality Index is based on five indicators: maternal mortality ratio, adolescent birth rate, share of seats in parliament, population with at least secondary education and labour force participation rate. It aims to show differences in the distribution of achievements between women and men. The higher the value, the more disparity between women and men and the more loss to human development.

Role of women in intra-Africa trade

Globally, both women and men participate in international trade, either as employees or owners of exporting firms. Women-owned and men-owned enterprises have different profitability and productivity, driven mainly by differences in size, owner education profile and whether the firm is formal or informal (IFC, 2011). Women's participation in trade in Africa can be broadly summarized as being in labour-intensive, smaller, informal and lower value trade. Women-owned and women-managed businesses globally tend to participate less in international trade, accounting for about 15 per cent of international exporting firms, and the majority of women-owned and women-managed businesses operate informally (USAID, 2015), missing out on essential services such as access to loans, tax relief and other essential social benefits. Informality and small size of businesses, more often than gender, may lead to other constraints because they block businesses from accessing crucial services that require formalization. In Africa, these two factors affect women-owned business more than men-owned businesses (IFC, 2011).

The main constraints to women's participation in international trade are limited access to information, inadequate business networks and limited access to finance. In addition, social-cultural factors and norms limit access to and ownership of productive capital resources such as land, lead to limited access to education and contribute to social restrictions that increase the burden of reproductive work, particularly unpaid domestic work. Norms reinforce the types of trade women engage in, often relegating them to the lower levels of regional trade value chains. These constraining factors further reinforce, for example, the burden of unpaid care work, which leaves less time for women to participate in market-related activities, as well as training and networking, which are important for business performance. On a positive note, women-led exporting firms tend to employ more women than firms targeting the domestic markets, based on International Trade Centre data.

Women in formal and informal regional trade have an important role in development and the transformation discourse of African nations. A large portion of intra-Africa trade remains informal: 30–40 per cent in the Southern African Development Community and about 40 per cent in the Common Market for Eastern and Southern Africa (Parshotam and Balongo, 2020). In Southern Africa, women traders account for over \$7 billion of cross-border trade, about 70 per cent, which comprises both raw and semi-processed products (Parshotam and Balongo, 2020). In West and Central Africa, women traders account for over 60 per cent

of informal cross-border trade and generate 40–60 per cent of gross domestic product (GDP; Tralac, 2018). The multiplier impact of this trade is also notable, as women in informal trade employ more than one person in their businesses, in addition to supporting other family members. Informal intra-regional trade is also the main source of income for many female-headed households in Africa.

Despite their contribution to imports, informal cross-border women traders in many regions of Africa do not use formal structures for cross-border trade and thus do not benefit from key regional trade regimes, many of which provide free movement of merchandise and people. The knowledge and motivation to use the current regimes are limited, as is knowledge of the rights, responsibilities and opportunities associated with the various trade regimes. Further, lack of information makes women traders vulnerable to harassment while crossing borders, leading to frequent loss of their businesses.

The expanded trade opportunities expected under the AfCFTA present an opportunity not only to increase women's economic participation but also to improve women's rights and gender equality. Gender considerations are important for the AfCFTA, both for attaining gender equality and the free trade area's objectives. One of the general goals of the AfCFTA—sustainable and inclusive socioeconomic development, gender equality and structural transformation of the state parties (AU, 2018a)—places gender equality at the centre of implementation of the free trade area. As the AfCFTA is implemented, gender equality will cut across the other seven AfCFTA objectives.

Contribution of this chapter

This chapter examines efforts to increase women's involvement in intra-regional trade by various RECs in Africa and at the global level and proposes frameworks for boosting women's participation in intra-regional trade under the AfCFTA. The proposals are based on secondary data, a regional and global literature review and a review of global initiatives and of policies, initiatives, programmes and other frameworks implemented by RECs, governments and development partners. The aim is to identify what works in facilitating greater participation of women in intra-Africa trade and areas for learning and scale-up under the AfCFTA. The chapter also supports Pillar 4 of the African Union's Gender Equality and Women's Empowerment Strategy, which focuses on leadership, voice and visibility, particularly integrating gender in the rewriting of the African narrative and putting women in history books (AU, 2018b).

Integrating women into Africa's agendas

Gender considerations have been a part and parcel of the African integration agenda. That agenda recognizes gender from two fronts: as a human rights issue and as an integral part of regional integration with an objective of economic growth and social development. Various integration frameworks for Africa—from the Lagos Plan of Action to the current regional integration blueprint, Agenda 2063—have promoted gender equality and provided measures for boosting women's participation in all social and economic spheres. The Africa Union is constituted on the principal of gender equality (AU, 2000).

The Lagos Plan of Action (OAU, 1980), specifically its integration process, recognized and provided measures for promoting women's formal and informal employment in agriculture, industry, communication and mass media, trade and business activities. Some of the major challenges to women's employment in Africa implicitly recognized in the plan included illiteracy among women, limited education and skills, limited access to credit or business finance, cultural norms, limited business skills, limited managerial skills and time constraints with regards to unpaid care work, particularly child care. The plan provided interventions to address these constraints from the national level through to the regional and continental levels.

To increase women's participation, the plan proposed establishing or strengthening the women's units in member states' planning ministries and commissions for integrating women affairs into national development plans and strategies, increased data collection, training for employment (targeting both the formal and informal sectors) and for business, and in-service training to help women progress to managerial positions. The plan also proposed adapting training programmes to cater to women's training needs in their multiple roles as wives, mothers and workers and to equip them for active roles and leadership in village activities. In addition, the plan encouraged countries to take measures to change attitudes and traditions regarding women's and girls' employment and to provide maternity leave and benefits. For enhanced formal education, the plan proposed special efforts to ensure that girls receive education and training suitable to them and to provide special affordable and easily accessible childcare facilities. For businesses, the plan emphasized training women in various aspects of business operations, including management and marketing, as well as operation of cooperatives. And the plan encouraged countries to provide credit and investment capital to support women's start-ups for self-employment. Despite progress in African countries in implementing the plan's measures, much remains to be done.

The Protocol on the Rights of Women in Africa, part of the African Charter on Human and People's Rights, elaborates the rights of women in the continent in virtually all dimensions that are important for development (AU, 2003). The protocol provides for state parties to take measures for including gender perspectives in development planning; ensuring that women participate in decision making; promoting women's access to and control of productive resources; financing, building capacity and developing women's skills; and ensuring women's access to extension services. In addition, parties are urged to include in their policies indicators for human development specific to women's performance and to take measures to reduce the negative effects on women of globalization, including global trade. The need to take these measures has never been more relevant than it is today, as Africa has not been spared by globalization and is continuously moving into more partnerships and integration, not only within the continent but also globally.

The desire of the Africa's people that Agenda 2063 articulates—"the Africa we want"—includes realizing the full potential of the continent's people, inclusive of women, men, girls and boys, through people-driven development that takes particular advantage of the potential of women and young people (AU, 2013). The agenda foresees the participation of all in decision making and engagement and the empowerment of women and young people in all spheres of life. The agenda aims to achieve gender equality, with a priority of empowering women and girls, in addition to ending violence and discrimination. The current African Union Gender Equality and Women's Empowerment Strategy is at the forefront of supporting women's empowerment by providing a framework for strengthening women's agency, focusing on achieving equality and control of productive resources; ending violence and violations; increasing the responsiveness of laws, policies and institutions; providing supportive leadership; and raising women's voice and visibility.

The AfCFTA agreement recognizes human rights, gender equality and rule of law as important ingredients in and facilitators of intra-Africa trade and continental economic cooperation (AU, 2018b). In addition, sustainability and inclusiveness in socioeconomic development, as well as achievement of gender equality, are some of the agreement's general objectives. With the ongoing negotiations of the AfCFTA, and in particular the development of the protocol on gender, it is important to consider the potential adverse effects of the free trade area on women and formulate measures to reduce them. This will not only promote gender inclusiveness but will result in better outcomes from the free trade area.

Gender in regional trade integration frameworks

Women's economic empowerment is closely related to international trade, and gender-responsive trade policies can support women's empowerment and improve women's participation in trade. Trade liberalization policies contribute to closing or widening of gender gaps, depending on women's and men's responsiveness to the trade opportunities arising from such policies and on their capabilities to adapt to changes and challenges arising from such trade regimes. Gender inequalities only magnify differences between women and men in responding to such policies. Trade agreements around the world are increasingly including a gender component, either explicitly or implicitly, to boost women's participation in global trade. In 2017, WTO members set the first collective initiative aimed at increasing women's participation in international trade.

Of the 556 regional trade agreements notified to the WTO in 2020, 80 (or 15 per cent) had at least one explicit gender-related provision (Monteiro, 2020). Trading arrangements involving African countries are among those incorporating gender issues in various areas of the agreements (table 8.1).

Table 8.1 Regional trade agreements involving African countries that explicitly mention gender

	Definition	Principles	Domestic gender policy commitments	Domestic gender policy adoption	Domestic gender policy harmonization	Domestic labour policy adoption	Domestic education policy adoption	Domestic social policy commitments	Exemptions	International agreements and instruments	Cooperation areas
African Economic Community											
Common Market for Eastern and Southern Africa											
East African Community											
Economic Community of Central African States											
Economic Community of West African States											
European Union–Algeria											
European Union–Cameroon											
European Union–East African Community											
European Union–Eastern and Southern Africa											
European Union–Egypt Agreement											
European Union–Morocco											
European Union–South Africa											
Southern African Development Community											
United States–Morocco											

Source: Monteiro (2020).

Most of the regional trade agreements involving African countries explicitly mention gender in at least one treaty area. The East African Community (EAC) treaty mentions gender in eight areas. Apart from the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), all the agreements provide for cooperation in gender issues.

Best practices for raising women's participation in regional integration

Policies and programmes at the domestic, regional and multilateral levels aimed at inclusiveness have improved women's entrepreneurship and participation in trade. This section documents some of these measures to provide learning points for AfCFTA state parties.

Best practices from intra-regional programmes

African countries have implemented multiple frameworks at the regional level, including legal and regulatory actions, policies and programmes aimed at supporting women in intra-regional trade. This section discusses some of these frameworks identified as best practices.

The 50 million African Women Speak Project is a phenomenal programme jointly implemented by the EAC, COMESA and the Economic Community of West African States (ECOWAS) and funded by the African Development Bank. Some 38 African countries are implementing the programme, which is a digital networking platform available on the web or as a mobile app. It aims to empower businesswomen by providing business-related information. The platform affords businesswomen an opportunity to connect with other women entrepreneurs in Africa for idea exchange, learning, mentorship, business market expansion and product showcasing. The platform also provides access to various business-related support information, including access to finance, market requirements, and business-related capacity building and entrepreneurial skills development. It is a good example of a programme that could be upscaled across the continent.

Best practices from the Common Market for Eastern and Southern Africa

The treaty establishing COMESA has a dedicated chapter on women and development and business (COMESA, 2006). In article 154, member states agree to eliminate discrimination, promote participation of women, contribute to changing negative attitudes about women and promote technologies that enhance women's progress at work and increase their productivity, through legislation and other measures. Article 155 further recognizes that women in business have an important role in the common market, and member states agree to several actions to facilitate women's engagement in intra-COMESA trade and other integration activities: raising issues related women's businesses at the policy level, creating a better business environment, promoting special programmes, promoting laws to boost access to credit, increasing women's technical and industrial employment and supporting the National Federation of Women in Business.

These provisions led to the establishment of the Federation of National Associations of Women in Business (now called the COMESA Federation of Women in Business). The federation comprises women in business associations from COMESA member countries and promotes programmes targeting women's integration in trade as well as other development-related activities in COMESA. Key programmes include trade and investment facilitation through regional trade fairs for women entrepreneurs; capacity building of women enterprises through cluster development, including value addition in the leather, textile-clothing and agro-foods value chains; business incubation programmes for women entrepreneurs; and promotion of access to credit for women businesses, among other activities. COMESA has also developed several gender frameworks to advance women's participation in regional activities: regulations providing minimum standards on treatment of regional small-scale traders, which are part of the COMESA charter; a social charter; a gender policy; a framework for supporting women and young people involved in cross-border trade in the region; and gender planning guidelines that provide checklists and indicators for gender mainstreaming.

The Business Incubator for African Women Enterprises, another COMESA Federation of Women in Business programme, is being piloted in Burundi, Eswatini, Kenya and Sudan. It targets small and medium businesses run by women who are members of women's business associations and supports them through a business incubation model. Activities include adding value for agro-products, handcrafts and leather products and increasing technology use through business incubation services. The programme facilitates access to business development services, affordable credit, mentorship opportunities, partnerships with government and the private sector, and links to regional markets. In Eswatini, women's business associations in agro-processing, handcrafts and information and communications technologies benefit from the programme's support services. Businesswomen can access industrial estates and are allocated space and equipment for use. Women-owned businesses are also contacted by telephone or electronic media for mentoring and coaching. Training and financial assistance is also provided, and the programme has assisted in constructing abattoir and storage facilities.

The COMESA Simplified Trade Regime does not explicitly targeted women but has benefited women in cross-border trade between participating COMESA member states. Implemented in 2006, the programme includes eight COMESA member states, as of 2021: Burundi, the Democratic Republic of the Congo, Kenya, Malawi, Rwanda, Uganda,

Zambia and Zimbabwe. It provides simplified border procedures for small-scale cross-border traders, including simplified rules of origin. In addition to creating awareness of the rights and obligations for people trading across borders in small volumes (as provided in the COMESA Charter), the programme is also raising gender awareness in intra-regional trade and border processes. The benefits include easier and faster clearance at border posts and hence fewer border delays, lower clearance costs and less informality and illicit trading, as well as a reduction in associated risks such as merchandise loss, exploitation and harassment, which are often gender biased. The programme also presents a scope for small-scale businesses engaging in cross-border trade to use the COMESA Preferential Trade Regime, allowing those business to benefit from COMESA trade preferences.

Best practices from the East African Community

The EAC promotes gender equality and empowers women in regional integration through provisions in various regional frameworks. Gender equality is one of the community's principles, and the EAC treaty explicitly provides for mainstreaming gender in the community's activities and enhancing women's role in the community's integration (EAC, 1999). Chapter 22 of the treaty aims to enhance women's role in socioeconomic development and business, guided by actions to empower women and their participation in regional integration. The treaty also explicitly discusses gender balance, including in staffing EAC organs and institutions. The region has also developed a gender policy that is guided by equality and equity, inclusiveness, rights, empowerment, rule of law, good governance, affirmative action, and prohibition of all forms of discrimination and violence.

Other programmes supporting women in cross-border trade in EAC include the simplified trade regime for all cross-border traders, male or female, trading in products worth less than \$2,000. Women constitute the majority in this type of trade and are thus in a position to gain from such a regime. The African Union Border Programme, established in 2007 to promote peace, security and stability, benefits women involved in cross-border trade by creating awareness and providing information on regional trade opportunities and rules, including the simplified trade regime applicable to small-scale cross-border traders.

The EAC has great wealth of women's collectives. These regional associations, women's cross-border traders' associations and women's business associations collaborate with civil society organizations and development partners to implement programmes at the EAC partner state level that increase women's participation in cross-border trade. At the regional level, the East African Women in Business Platform, supports businesswomen engaged in trade, investment, manufacturing, service provision and infrastructure development.

In addition, the organization undertakes research and advocacy in intra-EAC trade matters, builds capacities for partner states' associations to increase trade, provides market access information, facilitates dialogues for information exchange and develops links among women-owned businesses in the region.

Civil society organizations in the EAC also implement programmes that increase women's participation in cross-border trade. The Eastern African Subregional Support Initiative for the Advancement of Women's trade and gender programme works with small-scale women traders in selected border points, educating them on various EAC trade policies. The organization has also set up information resource centres and spearheads transformation of women traders' associations into cooperatives while promoting good relations between women traders and border officials by organizing dialogue meetings.

Best practices from the Economic Community of Western Africa States

ECOWAS has several frameworks that African countries can learn from. One principle of ECOWAS is recognizing, promoting and protecting human rights in line with the African Union's Charter for Human Rights (ECOWAS, 1993). Article 63 of the ECOWAS treaty commits members to formulating, harmonizing, coordinating mechanisms that provide for women's participation in the economic and social-cultural environment at both the member state and regional levels.

ECOWAS's well-established institutional framework for promoting gender equality includes the Social Affairs and Gender Department of the ECOWAS Commission, the Centre for Gender Development, the Office of the Commissioner for Human Development and Gender and the West African Network of Young Women Leaders.

In addition to a gender policy, the region also has a Conflict Prevention Framework that includes several measures to promote gender equality and involve women in regional initiatives for peace and security (ECOWAS, 2008). The framework was adopted in 2008 and in many ways promotes gender equality in cross-border peace interventions. It recognizes poverty, exclusion, and gender, political and economic inequalities as root causes of violent conflict, which are traceable to several markets, including disadvantaged positions in global markets. The constitution of mediation and conciliation teams takes into account gender equality, including in areas related to gender and cross-border initiatives.. The framework also enhances women's role, visibility and impact in peace and security and promotes measures to combat gender-based violence and discrimination and interventions in favour of women in peace and security, including expertise, financing and equipment for agencies working on regional gender security-related interventions.

An ECOWAS Supplementary Act provides equal rights for women and men, further committing member states to promote gender equality and equity through policies, legislation and strategies (ECOWAS, 2015). Article 15 of this framework comprehensively commits member states to adopting measures aimed at facilitating women's equal access to various opportunities in public markets, including trade and entrepreneurial activities in both the formal and informal sectors. It further provides for empowering women by boosting entrepreneurial capacity through access to employment and entrepreneurial-related activities, promotes inclusion of unpaid work in national accounts, promotes development and use of technologies that reduce the domestic work burden and advocates for increased access to credit from banking and microfinance institutions by providing collateral and building capacity. It also supports access to appropriate technologies and encourages member states to create income generation opportunities by processing and preserving locally available products.

Best practices from the Southern Africa Development Community

One of the general undertakings of the treaty establishing SADC is addressing discrimination on gender grounds. In addition, the region's protocol on gender and development comprehensively provides for women's empowerment in different spears of the community. The objectives of the protocol are: empowering women and harmonizing implementation of instruments related to gender equality in SADC member states. In other trading arrangements that SADC member states are party to at both the regional and international levels, gender related objectives include: addressing gender issues, setting indicators for gender equality and equity, and monitoring and evaluating gender goals. The protocol provides for members to eliminate laws that lead to gender discrimination and enact laws that promote gender equality. In addition, a SADC declaration recognized integrating and mainstreaming gender into the community's programmes as key to sustainable development and committed to mainstreaming gender in the community, among other actions. The SADC Charter of Fundamental Rights and other provisions provide for equal treatment of men and women to ensure gender equality, equal treatment and access to opportunities in all social and economic areas, including employment, remuneration, work conditions, social protection, education and training, and career development. In addition, it encourages member countries to take measures towards reconciling work and family responsibilities for men and women (SADC, 2003).

Global best practices

This section discusses two global-level frameworks that support women in intra-regional trade that have been identified as best practices.

World Trade Organization Declaration on Trade and Women's Economic Empowerment

At the global level there are efforts to boost inclusiveness in international trade, gender equality and economic empowerment of women. In 2017, WTO members adopted a declaration for the empowerment of women, acknowledging the need for countries to devise informed interventions to reduce challenges constraining women's contribution in economies, among other rationales for enhancing women's role in global trade. Through the declaration, WTO members proposed making policies for development and trade more responsive to gender in multiple ways, including sharing their experiences and best practices in various gender dimensions for improved analysis and monitoring implementation of trade-related policies. Member states have also proposed working in partnership towards women's economic empowerment through aid for trade. The declaration gives an impetus for regional trade agreements to make commitments and take measures to increase women's participation in international trade.

SheTrades Initiative

The SheTrades Initiative, a programme of the International Trade Centre, provides a platform for networking and connecting women entrepreneurs and women-owned small and medium enterprises to markets. The programme operates in 25 countries (from the Commonwealth group of countries), including Africa. It also gathers trade-related gender-disaggregated data, promotes equitable trade policies, provides training and mentoring for women entrepreneurs and offers a platform for learning about international trading.

The way forward in making women cross-border traders count in the AfCFTA

To increase women's participation in intra-AfCFTA trade, African countries need to collectively take deliberate and legally binding measures to promote and facilitate the role of women-owned businesses, particularly women-owned small and medium enterprises, in intra-continental trade value chains. In addition, member states will need to go beyond continental and regional frameworks and collaboratively implement programmes aimed at helping small-scale women traders better participate and benefit from the AfCFTA trade regime.

Legal frameworks for enhancing women's role at the continental level

Facilitating women's participation at the continental and regional integration levels in Africa is not new phenomenon, as evidenced by provisions in AU legal frameworks to support women's empowerment and participation in integration activities in various regional blocs and at the continental level.

WTO members' declaration on empowering women for trade further creates a new impetus while strengthening the case for increasing their participation in international trade. It also provides a guideline for African countries to collaborate on in coordinating action to enhance women's participation in intra-Africa trade. Learning from this declaration, African countries can collaborate under the AfCFTA trade regime in sharing experiences on interventions and programmes facilitating women's participation in intra-regional or international trade. The AfCFTA protocol on gender should consider instituting a voluntary reporting mechanism by member states. Further, African countries can collaborate in promoting gender analysis; developing gender indicators; monitoring gender effects for all trade policies; and developing approaches, methods, procedures for collecting and sharing gender-disaggregated data in member states.

Women's collectives are important institutions for championing and advancing women in continental trade. The AfCFTA protocol on gender could consider enshrining a women's business association at the continental level as an AfCFTA institution. The association would champion and advance inclusiveness of micro, small and medium enterprises, particularly those owned by women and people living with disabilities, for their enhanced participation in intra-AfCFTA trade.

Beyond frameworks

AfCFTA member countries will need to go beyond the provisions of the protocol and take measures to implement programmes that empower women to better participate in AfCFTA trade.

There is a lot that African countries can learn from each other, from other regional blocs and from the world. Programmes should target the key challenges that have persistently inhibited small-scale women traders from using existing regional trade regimes, which has limited their benefits from such trading arrangements. Notably, programmes will have to address challenges related to trade information, access to trade finance, networks, access to markets, business management and capacities, and the burden of unpaid care work. Most of the programmes enhancing the capacity of small-scale women traders and small and medium enterprises at the regional and global levels aim to address some of these challenges. The programmes are also supported by development partners. As countries gear up AfCFTA implementation, budgetary support needs to be set aside for programmes that empower small-scale women cross-border traders. There is a need for coordinated learning across the continent for small-scale women traders, which will also contribute to creation of trade networks for enhanced markets. Use of information and communications technology comes in handy for creating platforms to connect women in business. The continent can build on learnings and experiences of COMESA's 50 million African women speak programme and the International Trade Centre's SheTrades initiative. These two programmes could be scaled up to cover all African countries.

To reduce the burden of unpaid care work, African countries need to embrace and prioritize inclusive infrastructure in the context of border infrastructure development. More particularly, and with regards to reducing the childcare burden, such infrastructure should consider providing childcare and health facilities with easy access for women traders. Such facilities would free some businesswomen from unpaid care work and allow them to spend that time in trading. In addition, developing border infrastructure should consider the needs of both women and men who are living with disabilities, to facilitate their participation in intra-regional and intra-continental trade.

On trade finance, providing credit or loan guarantee schemes will go a long way towards providing the much-needed collateral that many women-owned small and medium enterprises are missing and whose lack is the biggest obstacle in accessing credit. Guarantee schemes should target not only existing small and medium enterprises but also women-owned start-ups, particularly those engaging in international trade. This will provide a path towards enabling women's entrepreneurship.

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9. CAN AFRICA ACCELERATE INITIATIVES TOWARDS THE FREER MOVEMENT OF AFRICANS IN AFRICA?

Alan Hirsch⁶⁵ and Victor Amadi⁶⁶

This chapter addresses the challenge of advancing towards the freer movement of Africans across the borders of African countries.⁶⁷ The African Economic Community Treaty, commonly known as the Abuja Treaty, which was agreed in 1991 and came into force in 1994, made the movement of Africans a priority in the economic integration agenda. The free movement of people, rights of residence and rights of establishment by Africans across the borders of AU member states were included in article 4(2)(i).

The rationale of this commitment is that borders decided by colonial powers led to poorly defined territories that paid little attention to cultural or economic links (see chapter 4). Moreover, as the European Union had shown, opening borders for the freer movement of the factors of production, including people, contributed to economic development and more peaceful relationships in the region. The evidence remains strong that free movement of people across borders supports economic development (Gelb and Krishnan, 2018).

Progress towards the freer movement of Africans in recent decades has been uneven and slow. The Free Movement of Persons (FMP) protocol to the Abuja Treaty was approved at the same summit in January 2018 where the African Continental Free Trade Agreement (AfCFTA) was endorsed. The protocol set out its rationale with great clarity:

“...the free movement of persons, capital goods and services will promote integration, Pan-Africanism, enhance science, technology, education, research and foster tourism, facilitate inter-African trade and investment, increase remittances within Africa, promote mobility of labour, create employment, improve the standards of living of the people of Africa and facilitate the mobilization and utilization of the human and material resources of Africa in order to achieve self-reliance and development....” (AU, 2018a, p. 4).

But by October 2021, only 4 countries had ratified the FMP protocol and submitted their instruments of ratification, whereas 40 countries had ratified the AfCFTA, and 38 had submitted their ratification instruments (Tralac, 2021).

This chapter describes the circumstances, policies and outcomes regarding freer movement in Africa, briefly reviewing recent migration patterns within Africa, between African countries and regions, and out of Africa. It then considers progress in liberalizing and modernizing travel regulations at the national level, considering overall patterns, and reviews progress towards freer movement at the regional and continental levels in terms of multilateral agreements.

It also notes issues of concern and broad patterns of behaviour before making pragmatic suggestions on how to advance the agenda on free movement of people in the regions and for the continent and its islands as a whole.

African migration trends

In 2015, there were 21 million migrants in Africa—18 million from Africa and the rest largely from Europe, Asia and North America. More than 80 per cent of African migration takes place within and between African regions. Migration has recently increased in all of Africa’s regions and is characterized by a largely young migrant population, under age 30. AU (2018b, p. 19) notes,

“These flows include increasing numbers of migrant women, rural to urban migration, migration for seasonal work and labour migration, and a rise in search of decent work and educational opportunities as well as irregular migration and large numbers of refugees, asylum seekers and internally displaced persons.

Most intra-regional migration is within West, Southern and East Africa, while much of the inter-regional movement is from Central Africa to Southern and West Africa, from the Horn of Africa and East Africa to Southern Africa (the southern route), and from West Africa to Southern Africa. Migration on the northern route (towards Europe) is small, especially compared with the southern route. Nonetheless most resources, such as the EU Trust Fund, are channelled towards managing migration on the northern route. This is, no doubt, due to the “political attention that migration has received in Europe in recent years.... There is less data on irregular migration in the southern route, an issue that needs to be addressed if countries in the southern Africa region are to manage migration effectively” (AU, 2018b, p. 20).

Of the top 20 destinations for African migrants in 2017, 16 were in Africa, and 4 were in Europe (the United Kingdom, France, Italy and Portugal). The top three were South Africa, Côte d’Ivoire and Uganda (Kihato, 2019). Of the top 20 migration corridors involving African countries, 12 are between African countries (IOM, 2020).

While intra-Africa emigration has increased in recent years, the proportion of continental emigrants in Africa’s total population is among of the lowest in the world (AU, 2018b). In recent decades, the proportion of global emigrants from the Asia Pacific region has grown far faster than the proportion from Africa.

Indeed, the magnitude of immigration and emigration relative to population out of sub-Saharan Africa has fallen since World War II (de Haas et al., 2019).

Emigration rises with national income, to a certain point, after which it declines, resulting in an inverted-U-shaped association between development and emigration (de Haas et al., 2019). Thus, because of economic and population growth, African continental emigration is likely to rise in the coming years. For now, intercontinental emigration accounts for less than 20 per cent of total African emigration.

This chapter covers the other 80 per cent—migration within Africa—not the 20 per cent of external migrants who are so often the focus. The material is drawn from primary and secondary sources and a series of interviews conducted in 2019 in Addis Ababa; Brussels; Leuven, Belgium; and Pretoria.

Free movement initiatives at the national level in Africa

African countries are adopting more liberal travel regimes for citizens of other African countries and often for citizens from other parts of the world as well. In 2019, 47 of 55 African countries either improved their openness to travel or maintained their status. The average visa openness score for all African countries towards all countries improved from 0.425 in 2016 to 0.459 in 2019 on a scale of 0 to 1. In 2008, 88 per cent of the world's population needed to obtain a visa before travelling to Africa; by 2018, only 45 per cent did (AfDB and AU, 2019).

Visa openness solutions include visa on arrival for Africans, visa-free regional blocs, regional bloc visas, multi-year visas (on a case-by-case basis), reciprocity between African countries, relaxing visa requirements, opening visas unilaterally, simplifying visa processes and improving access to information online in different languages. Travel document solutions include regional travel using regional passports or national identity cards, African passport options and special arrangements for people living in border areas.

According to the African Development Bank's 2019 Visa Openness Index, the two most liberal African countries towards fellow Africans are Benin and the Seychelles, which both offer visa-free access to all African visitors with appropriate travel documents. Senegal and Rwanda have visa-free access and visa on arrival policies for all Africans. Comoros, Madagascar and Somalia have a visa on arrival policy for all Africans, and 12 other countries have a combination of visa-free and visa on

arrival policies for most other African countries. Twenty-one African countries provided eVisa facilities in 2019, up from nine in 2016 (AfDB and AU, 2019).

Of the top 20 African countries by visa openness, 18 are low-income or lower middle-income countries, and 3 are middle-income or upper middle-income islands. In contrast, of Africa's eight upper middle-income countries, seven have low visa openness scores (AfDB and AU, 2019).⁶⁸ This suggests that richer countries tend to be more cautious about opening their borders for travel than poorer countries. They may be afraid of creating or appearing to create opportunities that could be exploited by irregular economic migrants from other African countries and elsewhere.

The Economic Commission for Africa's Regional Integration Index yields slightly different findings. Somalia, Djibouti, Comoros, Mauritania and Mozambique score the highest on this index, and Libya, Eritrea, Ethiopia, Algeria and Burundi score lowest for free movement of people (ECA, 2019). But the overall pattern is the same. Of the 20 best performing countries on the index, only 3 are middle-income countries, and 2 of those are small islands. All the richer countries were among the poorest performers.

COVID-19 has led to restrictions on travel within Africa in some cases, but these are expected to be only temporary measures (Carciotto, 2020).

Free movement initiatives at the regional level in Africa

Regional initiatives in Africa towards the freer movement of people began before the continental initiatives. Examining the regional experience of migration management is important both because these regional initiatives are potential building blocks of a continental initiative and because they offer a chance to learn about opportunities and obstacles from the regional experiences. This section summarizes a range of interesting or revealing African regional experiences in migration policy and practice.

The Economic Community of West African States

The Economic Community of West African States (ECOWAS) adopted a Protocol on the Free Movement of People and the Right of Residence and Establishment in 1979, setting out a long-term goal of freedom of movement and residence within the community. In the protocol, ratified in 1980, ECOWAS members committed to a common market, including the right of citizens to enter, reside, work and establish businesses in the territory of member states (Amadi, 2019).

The protocol provides for a three-phased implementation process intended to take 15 years. The first phase was the right of entry, which allows visa-free entry for at least 90 days, after which a person needs to apply for an extension of stay. However, a member state could refuse admission to immigrants inadmissible under its laws (Amadi, 2019).

Though the protocol came into force in 1980, in 1983, Nigeria expelled illegal unskilled workers when recession hit after an oil boom fizzled out. The country later revoked two articles of the 1979 protocol (Okolo, 1984).

Nevertheless, the second phase, the right to residence, was adopted. This included the right to carry out income-earning employment and provided migrants equal treatment to that of nationals of the host member state (Amadi, 2019). In 1990, the third phase, the right to establishment, was adopted through a supplementary protocol. This gave ECOWAS citizens the right to set up and manage enterprises under the same conditions as nationals of the host member state.

Only the first phase has been comprehensively implemented (Amadi, 2019). This is an important achievement—entry visas have been effectively abolished for ECOWAS citizens, a regional travel document has been issued in at least seven ECOWAS countries and ECOWAS passports, modelled on EU passports, have been issued in some ECOWAS countries.

Reasons for not progressing substantially beyond the first phase include “the absence of adequate mechanisms to control the

infiltration of criminals, perverse corruption of border officials, [and] diverse and incompatible national laws and policies on migration and labour” (Amadi, 2019, p. 86). Little additional progress has been made, despite attempts to agree on a common regional position on migration in 2008 (ECOWAS, 2008).

The East African Community

The East African Community (EAC) was first formed in 1919 as a colonial system for Kenya, Tanganyika and Uganda. It was re-established in 1967 as a post-colonial trade and cooperation structure but collapsed in 1977. In 1993, an East African Commission was established. It was upgraded to a treaty for the EAC in 1999 and ratified in 2000. Its members are Burundi, Kenya, Rwanda, South Sudan, the United Republic of Tanzania and Uganda, with the Democratic Republic of the Congo close to joining.

Article 76 of the EAC treaty provides for a common market to provide for free movement of labour, goods, services, capital and the right of establishment. Article 104 of the treaty includes a commitment to harmonizing and maintaining common employment/labour policies, programmes and legislation (Amadi, 2019). An East African Passport was launched in 1999, and by 2019, four East African countries were issuing a new microchip embedded East African e-passport, similar to information technology-enabled EU passports (Mugisha, 2019).

The Common Market Protocol, which came into force in 2010, includes commitments to the free movement of people, the free movement of labour, the right of establishment and the right of residence but requires partner states to implement these commitments. The rights of EAC citizens in partner states can be limited on the grounds of public policy, public security or public health (Amadi, 2019, p. 92).

A cross-border worker is required to obtain a 30-day work permit and then to present a travel document and a contract of employment of more than 90 days at an appropriate point of entry. But these systems are not standardized. Kenya charges 10,000 Kenyan shillings for processing and 200,000 Kenyan shillings per year for issuance (Abenga, 2021). Nevertheless, this system is more advanced than other regional labour mobility systems in Africa.

The right of residence entails a standardized system of application for a permit and is limited on public policy, public health and public security grounds, subject to mutual notification. It does not apply to all citizens of the community, only to those who have been granted work permits, whether as employees or as self-employed people (Amadi, 2019).

The system of free movement is by no means perfect in East Africa. The subjection of residence rights to work permits makes it inferior to EU law, for example (Amadi, 2019). Yet it does represent a substantial advance towards the free movement of Africans within a region, especially compared with most other African regional economic communities.

The Intergovernmental Authority on Development

The Intergovernmental Authority for Development (IGAD) was first established as the Intergovernmental Authority on Drought and Development after the early 1980s drought in the Horn of Africa. It consists of seven member states: Djibouti, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda. The region's population in 2018 was 230 million people, close to half of whom live in Ethiopia. Drought sparked its establishment, but international pressure and expected developmental aid were also key motives (Byiers, 2016).

IGAD took on its current organization, with an emphasis on peace and security, in 1996. Two years later, it became a regional economic community too. Migration became an IGAD programme in 2010, also covering forced displacement (Dick and Schraven, 2018). Until 2019, Ethiopia chaired the authority for 11 years without a regular regional summit, though several extraordinary summits took place (Byiers, 2016). In November 2019, the chair was taken over by the prime minister of Sudan, and former Ethiopian foreign minister Workneh Gebeyehu took over as the executive secretary of IGAD, replacing long-time Kenyan Executive Secretary Mahboub Maalim. This suggests cooperative leadership of IGAD by the region's two leading states through a period of regional turmoil.

Regional instability has led to high migration and forced displacement. Ethiopia is fifth and Kenya seventh among refugee-hosting nations worldwide, whereas Sudan is fifth among countries of origin of refugees (Dick and Schraven, 2018). There are many forms of migration, such as nomadic pastoralists, voluntary migrants and forced displacement (Dick and Schraven, 2018).

There was little progress on migration management until 2012, when IGAD heads of state adopted the Minimum Integration Plan and a Regional Migration Policy Framework, which promoted capacity development for managing migration and developing migration policy in member states. This was followed by the IGAD Migration Action Plan, adopted in 2015 (Castillejo, 2019). In February 2020, ministers in charge of internal affairs and those in charge of labour in IGAD member states convened in Khartoum and endorsed the Protocol on Free Movement of Persons in the IGAD Region. This was followed by an expert meeting to consider the draft roadmap for implementing the protocol (IGAD, 2020a). On 1 July 2020, IGAD established a Technical Working Group

among member states on harmonizing the production and use of migration data (IGAD, 2020b).

IGAD's experience is atypical among African regional economic communities. It was led through a critical developmental period by the two regional powers with a strong incentive for regional stability—Ethiopia and Kenya—and underwritten by generous funds from the European Union and other European sources (Castillejo, 2019). The result was steady progress in developing regional institutions and systems despite instability in the region.

The region is now preparing for a labour and employment agreement (ILO, 2021). Pressing security issues, IGAD leadership and EU support seems to have resulted in surprising progress in a regional structure built in response to crises.

The Southern African Development Community

The Southern African Development Community (SADC), formed in 1992, marked a shift from what began in 1980 as an anticolonial alliance of decolonized Southern African states towards a regional structure predicated on developmental cooperation. SADC currently has 16 members.⁶⁹

In 1995, SADC adopted a Draft Protocol on the Free Movement of People, but due to resistance from South Africa, Namibia and Botswana (the richest countries per capita in the region), the protocol was never implemented (Nshimbi and Fioramonti, 2014). South Africa's position was bluntly stated by Home Affairs Minister Mangosuthu Buthelezi: "South Africa is faced with another threat and that is the SADC ideology of free movement of people, free trade and freedom to choose where you live or work. Free movement of people spells disaster for our country" (Amadi, 2019, p. 111).

The irony of South Africa's position was that its wealth was built on the shoulders of migrant workers from surrounding countries who had never been allowed to settle (Oucho and Crush, 2001). As during apartheid, South Africa relies on bilateral treaties with its neighbours rather than subjugating itself to a regional treaty (Nshimbi and Fioramonti, 2014).

In 2005, the draft protocol was superseded by a Protocol on the Facilitation of the Movement of People, signed by 13 states but ratified by only 6 states: Botswana, Eswatini, Lesotho, Mozambique, Namibia and South Africa.

The Facilitation Protocol addressed facilitation of movement in contrast to free movement of people. Unlike the earlier SADC Free Movement Protocol, the Facilitation Protocol makes visa-free travel, residence and establishment rights subject to domestic legislation and encourages member states to develop bilateral agreements for the

free movement of people. It promotes the prevalence of sovereignty and indicates wealthier countries' preference for managing security through bilateral agreements and national laws (Amadi, 2019).

Free movement initiatives at the continental level in Africa

After incremental advances since Abuja in 1991 (see Hirsch, 2021), the Free Movement of Persons Protocol to the African Economic Community Treaty was signed by most heads of state at the AU summit in January 2018 (AU, 2018a). It was accompanied by an implementation roadmap (AU, 2018c).

Implementation of the protocol is divided into three phases. The first phase implements the right of entry for citizens of other AU member states for up to 90 days and requires countries to abolish visa requirements for such people. This includes the right for people to move across African borders to seek employment, subject to the host country's domestic laws (AU, 2018a). This phase could be implemented in sub-phases according to the roadmap, but it is expected to immediately follow the protocol's coming into force.

The second phase extends the right of residence to Africans from other African countries, including rights for AU member state nationals' spouse and children. The roadmap suggests that this would come into force in 2023, though Article 5 of the protocol allows for more rapid implementation. The roadmap allows for progressively implementing the rights of residence and appears to allow for differential policies relative to other member states (AU, 2018c).

The third phase allows the right of establishment. This includes the right of citizens of other member states to set up a business, trade or profession or to engage in economic activity as a self-employed person. According to the roadmap, this phase will be implemented after the AU Commission reviews implementation of the first two phases, subject to the decision of the AU Council (AU, 2018c).

The protocol acknowledges the risk that the "arrival and settlement of migrants in a given host country will exacerbate inequalities or will constitute challenges to peace and security" and notes the need to "ensure that effective measures are put in place to prevent (such situations)" (AU, 2018a, p. 4).

The AU Commission's late 2019 progress report on implementation of the Free Movement of Persons Protocol noted less enthusiasm for the protocol than for the AfCFTA (AU, 2019). Missing among the signatories to the protocol were all the North African countries, nearly half the SADC countries (including Botswana, Namibia, South Africa and Zambia), Cameroon, Ethiopia and Nigeria. The protocol requires 15 ratifications to come into force. The four countries that have already ratified it are Mali, Niger, Rwanda and São Tomé and Príncipe.

The first phase, visa-free visiting rights, will follow immediately after the treaty comes into force—that is, 30 days after 15 countries have ratified the protocol and delivered their instruments of ratification (AU, 2018a).

Some members may fear that the protocol will allow uncontrolled free movement, despite several safeguard clauses, such as Article 7(2), which states that "A host Member State may impose other conditions, which are not inconsistent with this Protocol, according to which a national of a Member State may be refused entry into the territory of the host Member State," and Article 37.1, which contains emergency instruments and exemptions (AU, 2018a).

The roadmap laid out several immediate actions slated for a relaxed visa regime to be implemented by the end of 2018, based on the expectation that the treaty would come into force within months of being signed: simplifying visa issuance for certain categories (students, researchers and the like), issuing visas on arrival to AU member state citizens, simplifying visa processing procedures and mechanisms (including e-visas, online applications, and multiple entry and multi-year visas) and reducing visa fees for AU member state citizens (AU, 2018c). Some countries may have understood this to mean that they would then be obliged to allow all people from member countries that had ratified the protocol, though this is not necessarily the case (AU, 2018a, Article 7.2). There may also have been a fear that it would be difficult to manage visitors who overstayed their 90-day visit limit. There are also security concerns—for example, criminals' and terrorists' movements could exploit freer border controls.

While the roadmap is meant to guide rather than proscribe (AU, 2018a, Article 5.2), the very optimistic schedule may have given the impression that the protocol would be implemented before all members' migration management systems were ready. This could help explain why only 4 of 55 countries have ratified the protocol since July 2019.

Resistance to the AU Free Movement of Persons Protocol

Few of Africa's better-off countries (other than small island states) have aligned themselves with the AU Free Movement of Persons Protocol. Most countries are silent on their resistance. But a South African internal government memo available online provides an admittedly subjective perspective. The memorandum advised the cabinet not to support the protocol on several grounds, including concerns that it did not adopt a phased approach and that it did not require sound civil registration systems, border control systems, machine readable passports, bilateral return and extradition agreements or an AU framework for these systems (SADHA, 2017).

The memorandum reports that at an AU member state meeting in Accra, there was broader discomfort about the AU Commission view that both the protocol and the implementation roadmap were to be adopted at the January 2018 AU summit. Algeria, Egypt, Kenya, Tunisia and Uganda took South Africa's position opposing the simultaneous endorsement of the roadmap, which would come into effect immediately in member states after adoption (SADHA, 2017).

South Africa submitted through its embassy in Accra a Note Verbale proposing enablers or preconditions for the first phase of the implementation plan. The memo claims that South Africa was supported by Algeria and Egypt in arguing that "it was imperative to enhance civil registration, establish integrated border management systems, enter into bilateral return agreements and strengthen law enforcement at a national level before the right of entry and abolition of visas could be implemented" (SADHA, 2017).

Some other weaknesses in the process of implementing the Free Movement of Persons Protocol include the secretive nature of negotiations, the lack of technical expertise, inadequate outreach and awareness creation, and the exclusion of foreign and trade ministers who could have assisted in getting buy-in from heads of state in contrast to the home affairs officials who are preoccupied with security issues.



Systemic issues

Several other institutional and procedural concerns inhibit the commitment of some richer countries in Africa—a few of which share South Africa’s perspective—to liberalizing the migration regime.

Many countries in Africa have inadequate civil registration systems, and many have inadequate identity documentation systems (The Economist, 2019). This makes it difficult for migrants’ home countries to vouch for their citizens to host countries’ satisfaction. Regional efforts to build civil registration and identity document systems to a common standard could reduce the lack of trust among countries. Adequate systems require a considerable investment by government and aid partners in developing the systems themselves and the capacity to maintain and update them. These processes should be led by a competent technical committee of member states and experts at the regional and continental levels.

Weak criminal justice systems could result in untracked migration of criminals. Support for the improvement of such systems and the capabilities for their maintenance would help engender greater trust.⁷⁰

Many countries still lack reliable border management systems. The European Union, for its own reasons, has given considerable support to this function in West Africa, North Africa and the Horn of Africa, which has seen positive outcomes that seem to serve not only EU interests but also regional interests (Castillejo, 2019). Depending on the European Union for such systems risks biasing them against migration northwards rather than managing freer intra-Africa flows of people. Though it will be a long time before comprehensive border management is ubiquitous, strengthening these systems in poorer countries is possible with substantial support.

There are contagious security issues in many African countries affected by, for example, EI Shabab, Boko Haram and ISIS (Okunade and Ogunnibi, 2020). Many of these hybrid banditry/political incursions are fed by inequality and the impact of climate change, among other factors. Not all African states have strong security monitoring systems, and it is not always possible to ensure enough cooperation in exchanging security information. This is another key area for improvement in weaker countries to improve trust.

Regional or continental protocols do not generally include repatriation processes. Countries need to be empowered and supported in developing, finalizing and implementing fair agreements.

At the same time, a preoccupation with security issues and weak links between the process to finalize and implement the Free Movement of Persons protocol and processes to boost trade and other forms of integration mean that the energy to drive the project forward has been nearly absent.

As the AfCFTA negotiation process highlights, the lack of consultation with relevant stakeholders like broader civil society can prove to be an obstacle (Fagbayibo 2021). The same can apply to the Free Movement of People Protocol process, Adeola gives a detailed reference to the development process of the protocol (Adeola 2019 p268-271). The consultation and involvement of a much broader technical expertise, particularly on the trade and economy related aspects can enable this project going forward.

Conclusions

Smaller groupings may be able to move forward more easily, especially when their interests are aligned. The EAC, with only six members, was able to move forward rapidly. The progress in IGAD is in part a result of its small size. This also suggests that it might be easier for smaller subsets of countries to agree to advance the movement of people agenda around specific arrangements and protocols, even regarding the continental process.

It is easier to move forward on a regional basis. Even if the grouping is large, the evidence indicates that it is easier to move forward on a regional basis than on a continental basis. This is the result of familiarity and trust within regions, though it could also be a result of the exercise of power by stronger countries.

Injecting resources into regional and national capacity development has an impact. Progress in IGAD, aside from reflecting the influence of Ethiopia and Kenya, also benefited from the considerable resources poured into the region to build up migration management capabilities.

In some cases, agreements have moved well ahead of implementation. ECOWAS shows that protocols are not always adopted, in practice. For the Free Movement of Persons Protocol, it would be preferable to revisit the implementation plan (roadmap), clarifying preconditions for implementation and sequencing.

Upper middle-income countries are more reluctant to liberalize. Countries more inclined to liberalize their immigration systems tend to be low-income countries and small islands. The fear of economic migration or of popular reaction to such migration in richer countries inhibits liberalizing migration laws.

Larger countries can influence regional outcomes: Nigeria has been influential in the development of ECOWAS, Kenya and Ethiopia have carried IGAD forward and South Africa has dampened progress towards freer movement in and beyond SADC. While regional hegemony is important, some smaller countries such as Benin and Rwanda can be pacesetters. To move forward, migration reformers need to win the support of regional hegemony.

The roadmap for the Free Movement of Persons Protocol enables those who wish to delay the continental free movement of persons agenda. They can cite the ambiguous wording of the roadmap as a pretext for tardiness in moving forward on immigration policy. A careful redrafting of the roadmap could make it more difficult for countries to use it as a reason for holding back on ratification and implementation.

Possible paths forward

The continental Free Movement of Persons Protocol has not yet achieved its objectives. Conversations with those mandated to ensure implementation suggest that most agreed with the approach suggested in the 2019 AU progress report. The report proposed promoting implementation of the existing protocol and roadmap through the Pan African Parliament, the ECOWAS Parliament, media and communication entities, youth researchers and civil society organizations, and other media. In addition, a continental strategy on implementing the right of entry was proposed for drafting by the AU and the regional economic communities (AU, 2019). The International Organization for Migration (IOM) appears to support this approach (IOM, 2019; personal communication with IOM staff, 2019).

A continental strategy on the right of entry might be a step forward, if it recognizes the limitations of the implementation roadmap and rewrites it or to prepares an interpretive guide to it that enables a more incremental process following an accepted sequencing path. The right of entry strategy is not yet in the public arena, so it cannot be assessed against these criteria.

Alternatively, the roadmap should be revised to incorporate incremental strategies for moving forward, and the preconditions for implementation should be built into the roadmap.

AU members should be allowed to move forward along the path to free movement in an asynchronous way. Groups of countries that agree to move forward together within the framework of the protocol could also be allowed. This means that countries would be expected to mutually open their borders once the indicated preconditions are achieved. Reasonable preconditions could be specified in a revised roadmap or implementation guide.

However, the process seems to lack energy. Aphiko et al. (2021) echoes conversations around Africa in urging closer coordination between trade and free movement of people integration processes, and it is certainly true that trade negotiators could provide some impetus for the free movement of people process.

In addition, the initiative needs a proactive process that allows poorer countries to progressively meet the preconditions for higher integration at appropriate standards. This would entail establishing technical committees of senior officials from member states and regional and continental experts to address systemic issues such as those described above and to set out and support a process that supports poorer countries in achieving these preconditions.

Several initiatives that already exist around civil registration and identity documents, the foundational prerequisites, could be harnessed, such as the World Bank's Identification for Development. Or the European Union's work on managing migration in Africa could be extended beyond its preoccupation with emigration to Europe. However, for this to be a part of a credible continental strategy, the programmes should be led and owned by African countries and regional organisations.

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10. DIGITAL AFRICA

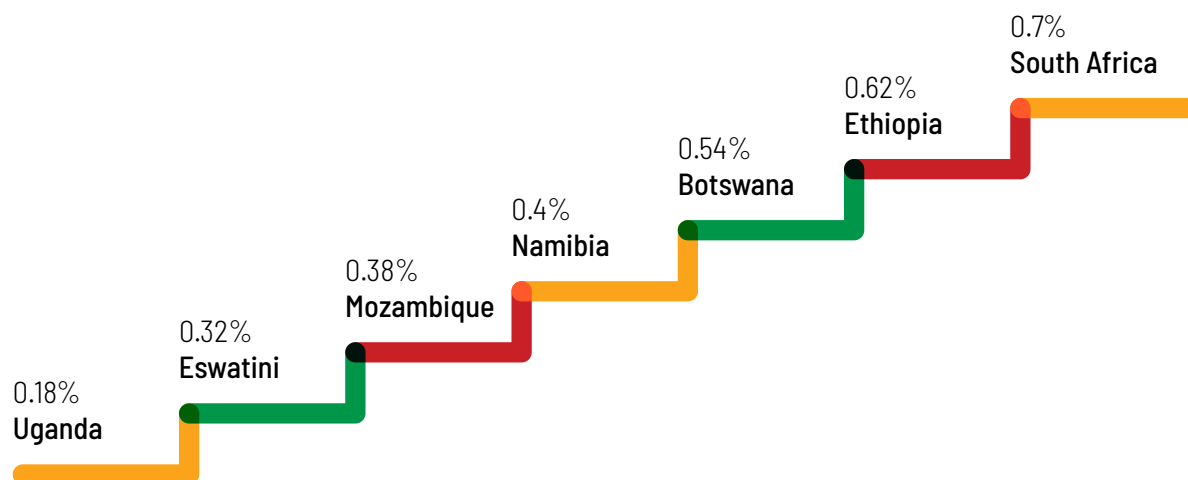
Chomora Mikeka

Introduction

The conventional streams to development are hastily becoming antiquated, thereby increasingly enticing developing countries to look to digital technologies and solutions to leapfrog to success while being mindful of the natural environment and making economic choices harmless to the planet. This brave new digital world—and hence digital Africa—presents a range of opportunities for African countries to create new streams for inclusive growth, especially where digital trading technology platforms become necessary to promote better adaptation and implementation of the African Continental Free Trade Agreement (AfCFTA). Digital Africa envisions countries using the latest technologies to solve the toughest development problems, including response to and recovery from pandemics such as COVID-19.

The missing link for Africa has been research and development (R&D) investment to establish and strengthen centres of excellence and centres of specialization for the requisite human capital development—and consequently industrialization, urbanization and digitalization. Africa's public R&D expenditure as a share of GDP is low, 0.2–0.7 per cent (figure 10.1; AfDB, 2020), much lower than in more developed countries, which have much higher gross spending on R&D and thus a strong industrial R&D base in pharmaceuticals,⁷¹ automobiles, digital and bioscience technologies. This chapter proposes a blueprint for implementing ideas set-out, including direct or indirect investment in science, technology and innovation programmes—for example, through centres of excellence and centres of specialization—to create a vibrant knowledge-based digital economy in line with the continental Science Technology and Innovation Strategy for Africa 2024 (STISA 2024), whose mission is to accelerate Africa's transition to an innovation-led, knowledge-based economy.

Figure 10.1 South Africa is top on the ladder, fast approaching the target of 1 per cent of gross domestic expenditure on research and development, 2014



Source: UNESCO Institute for Statistics data.

Realizing a digital Africa requires sharing random ideas, thought processes, insights and strategies on how to improve science, technology and innovation infrastructure; building technical competences; promoting an innovation, technology and entrepreneurship (techno-preneurship) culture in Africa; and creating an enabling science, technology and innovation policy environment, inclusive ecosystem and score system (science, technology and innovation performance indicators for Africa, like the African Science Technology and Innovation Indicators). A digital Africa as envisioned here is a transformation that leads to a digital economy ensuring adoption of new online business technologies that promote e-commerce and take full advantage of digital platforms and business registration, especially in marketing and service provision (OECD, 2017). This in turn improves the ease of doing business, digital financial inclusion and transport innovation, which induces improvements in supply chains, logistics and cross-border business—that is, intra-Africa and international trade routes—to operationalize the AfCFTA Agreement. In addition, a digital Africa should include local production and regulation of medical devices and equipment because scoping initiatives have identified various benefits of local production, such as ensuring the quality of medicines (pharmaceuticals' value chain in the Southern African Development Community [SADC]), avoiding stockouts, supporting local incomes and jobs, triggering technology spillovers, addressing new challenges such as non-communicable diseases and helping the sustainability of government medical schemes (UNIDO, 2015).

But, as the Shakespearean aphorism says, "All that glitters is not gold." This is true for disruptive technologies. There is always a devil or apple of discord. Digital Africa encapsulated in the digital world will have users' personal information stored in the cloud, which could allow it to be used to predict users' future behaviour without their consent. This access to private information is a risk factor that users should be aware of. Disruptive innovations could be ignored by market leaders or the AfCFTA because of this risk or others unveiled in this chapter. In other words, harnessing AfCFTA-enabling technology such as digital technology empowered by blockchain technology, artificial intelligence, next generation batteries, robotics, three-dimensional printing and drone technology and the need to promote African drone and data academies, among others, will enable African countries to easily harmonize intra-continental goods and services trade (Border Bee, 2019; ADDA Malawi, n.d.).

The chapter first defines the problem and partly discusses the methodology for acquiring data, continuing the discussion in subsequent sections. It then presents the blueprint for digital Africa implementation and scope and provides recommendations on practical establishments to realize a digital Africa from the perspective of each member state or regional economic community like Southern Africa Development Community (SADC), Economic Community of West African States (ECOWAS) and East African Community (EAC).

The argument

Africa has lagged in adapting and developing its science and technology sectors and commercializing its innovations in the science, technology and innovation ecosystem, despite multiple agreements (for example, the decision by heads of governments and heads of state to increase investment in R&D to at least 1 per cent of GDP and the adoption of STISA 2024; AU, n.d.a). While home to 16.7 per cent of the world population, Africa produces only 1.1 per cent of the scientific knowledge, only 1 per cent of global investment in R&D is spent in Africa and the continent holds only 0.1 per cent of the world's patents. To be smart, the digital revolution will need to be inclusive and boost these statistics.

Women remain a minority in digital information technology, computing, physics, mathematics and engineering. These fields are driving the digital revolution and represent many of tomorrow's jobs. This is even more problematic because of the skills shortage in many of these fields, such as in artificial intelligence. To right this gender imbalance, strenuous efforts are needed at the government, academic and corporate levels not only to attract women and girls to these fields but also, more important, to retain them. SADC has a Charter on Women in Science, Engineering, Technology Organization that gives signatories the right and opportunity to correct the dangerous imbalance in these fields, thereby creating a favourable ground for digital Africa.

Most African governments were caught unprepared in the face of the COVID-19. Solution discussed in this chapter concern government setup of emergency operating centres to fulfil the 2005 International Health Regulations request for state parties to develop, strengthen and maintain capacity to promptly and effectively respond to public health risks and public health emergencies of international concern.

Foundation of this chapter

The information and data used in this chapter have been sourced and adapted from literature published online, scientific reports, policy documents, strategies, books and technical publications. The recommendations made in the blueprint section and the practical examples to realize a digital Africa are based on the author's experience and influence in his regional and continental engagements as well as his practical, technical, research and innovation pursuits in his member country.

Blueprint for a digital Africa

The systemic impact of digital disruption

Adopting and integrating advanced digital technologies (fifth-generation [5G] mobile networks, the Internet of things, cloud computing, artificial intelligence, big data analysis, robotics and the like) signal the move from a hyperconnected world to one of digitalized economies and societies (ECLAC, 2021). At the societal level, digital disruption leads to changes in communication, interaction and consumption models that are reflected in greater demand for devices, software with more functionalities, cloud computing, data traffic services and the basic digital skills needed to use these technologies. To plan and design for the explosive increase in unmanned aerial vehicles (UAVs) and their demanding applications in the near future, interest has been growing in integrating UAVs into cellular communication systems (figure 10.2). A 5G network environment supported by blockchain-enabled UAVs is expected to proliferate to meet dynamic user demands with network access supply, enabling decentralized service delivery (drones as a service; Aloqaily et al., 2021).

Figure 10.2 The fifth-generation mobile network integrated with unmanned aerial vehicles (drones)

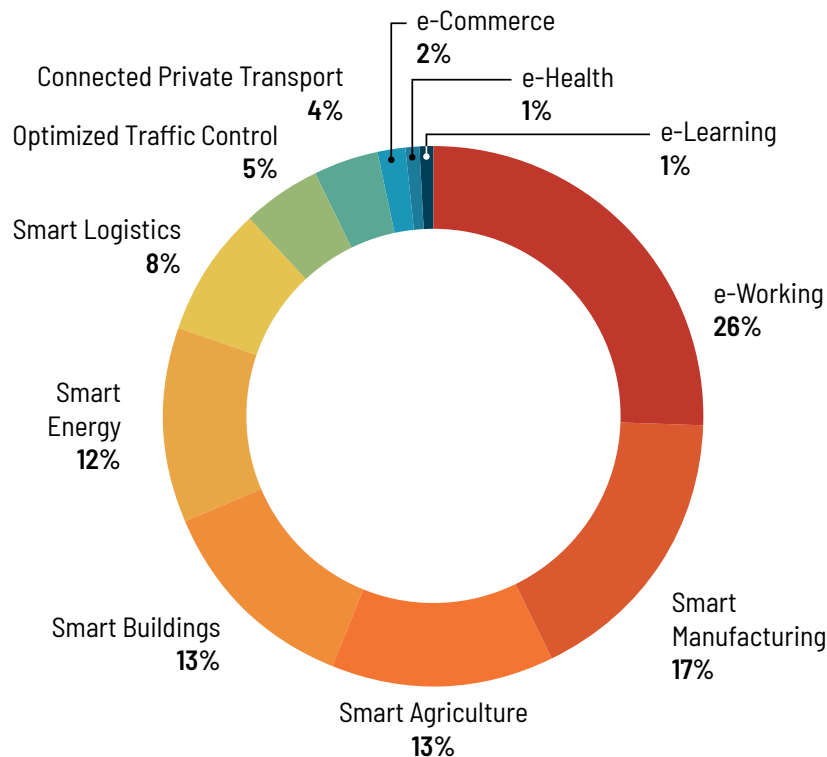


Source: Zeng et al. (2020).

Scale balancing between digitalization and sustainability

By implementing digital solutions in different sectors of the economy, global carbon dioxide-equivalent emissions could be reduced by 12 gigatons by 2030, providing a path to sustainable growth (figure 10.3; GeSI, 2015).

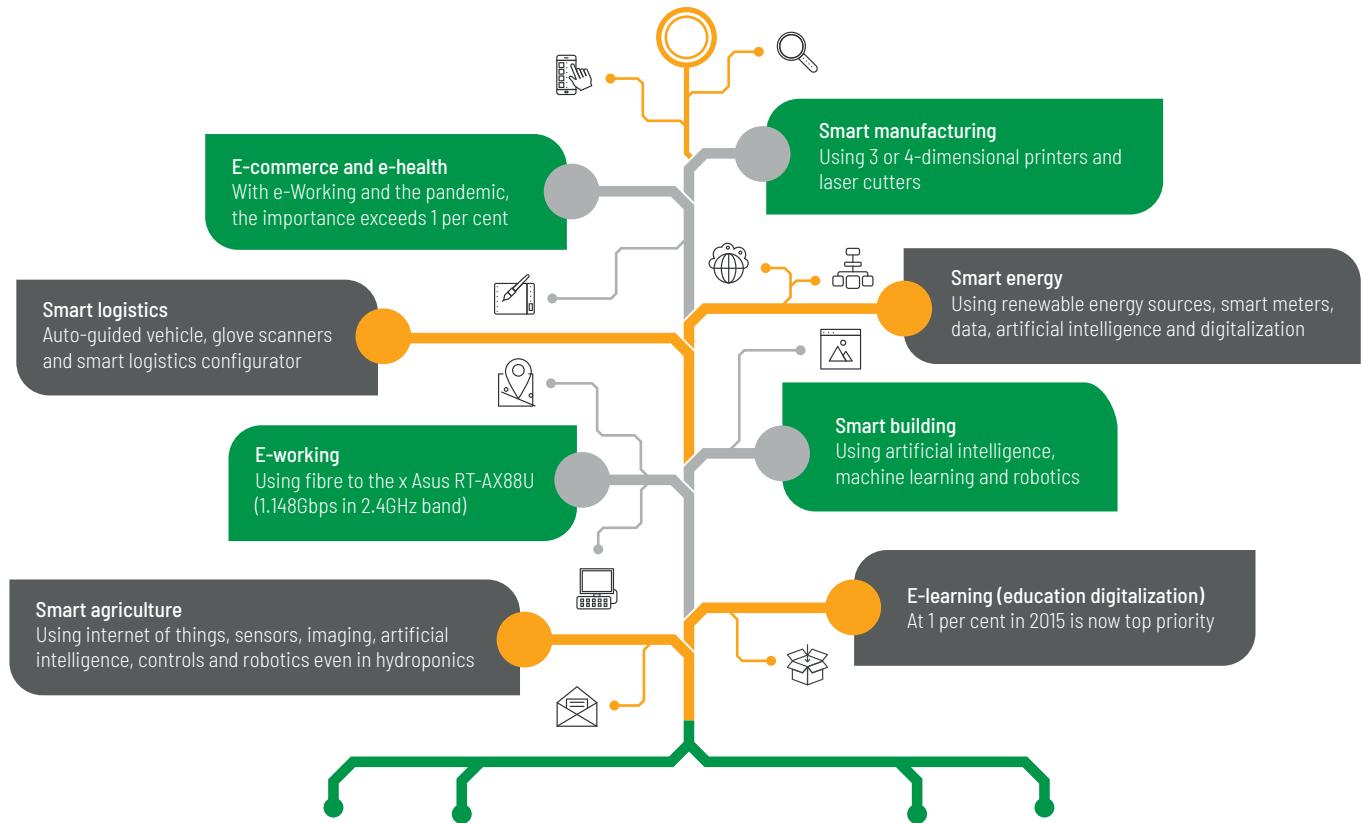
Figure 10.3 Reduction in global carbon dioxide-equivalent emissions from implementing digital solutions, by economic sector, 2015



Source: Adapted from GeSI (2015)

Hanging the digital solutions in figure 10.3 in the conceptual digitalization tree in figure 10.4 makes it easy to visualize which solutions are low-hanging fruits for immediate harvest. Three-dimensional printers are the low-hanging fruit for e-working (or working from home, as during the pandemic) and smart manufacturing, but e-learning (education digitalization) could be the low-hanging fruit in some countries. Member states must look beyond statistical averages to the proposed digitalization tree and declare for themselves which solutions are the low-hanging fruits.

Figure 10.4 Digitalization tree showing potential low-hanging fruits



Source: Adapted from GeSI (2015).

The roll-out of 5G networks with latency (delay) of less than 1 millisecond and speeds up to 20 gigabits per second are essential to the new models of industrial production and organization. Beneficial attributes include autonomous logistics, assisted work, robots and autonomous machines, wireless backhaul, real-time data analytics and carbon footprint management. As 5G is popularized, researchers need to weigh its benefits without denigrating existing technologies in Africa, such as radio. As International Telecommunication Union (ITU) Secretary-General Houlin Zhao said, “FM radio has become one of the most dynamic, reactive and engaging media, reaching broad audiences and allowing for increased diversity, where all voices can be heard.” Zhao also argued that access to information is vital to attaining the 2030 Agenda for Sustainable Development and acknowledged that the ITU was delighted to partner with the African Telecommunications Union to reinforce radio’s reach in Africa (ITU, 2021).

Benefits of digitalization aside, increased digital development generates negative effects associated with energy consumption (data centres and networks), polluting hardware (screens) production processes and business models that encourage rapidly replacing devices. Rapidly replacing devices results from increased software development and updates, which causes hardware platforms and digital engines to become obsolete. This creates a controversy between consumers (not ready to spend) and manufacturers (ready to increase revenue and profits)—that is, the non-stationary behaviour of the cross point in the demand and supply curves.

Potential value chains to define the course of digitalization in Africa: An academic pursuit

To realize digital Africa, leapfrogging is necessary through science, technology, engineering, arts and mathematics (STEAM) education, skills recalibration, and more and stronger centres of excellence and centres of specialization across Africa, including universities of transformation. Identified value chains and productivity clusters should be studied at an African university of transformation whose curriculum converges with bankable projects, exploiting emerging idea and technology banks that have upscaling potential for global ideas, trademarks and brands.

SADC (2021) on scoping and mapping to identify and recommend potential regional industrial centres of excellence, centres of specialization and innovation hubs/technology centres identifies 141 institutions in the region that could serve as centres of excellence.

SADC directed its secretariat to:

- Call for member states to host regional centres of excellence and centres of specialization to support the development of priority value chains and advance industrial development.
- Invite ministers to urge member states to establish regional centres of excellence and centres of specialization by positioning specialized national research and innovation institutions and higher education institutions as regional centres to support priority value chains for industrial development.

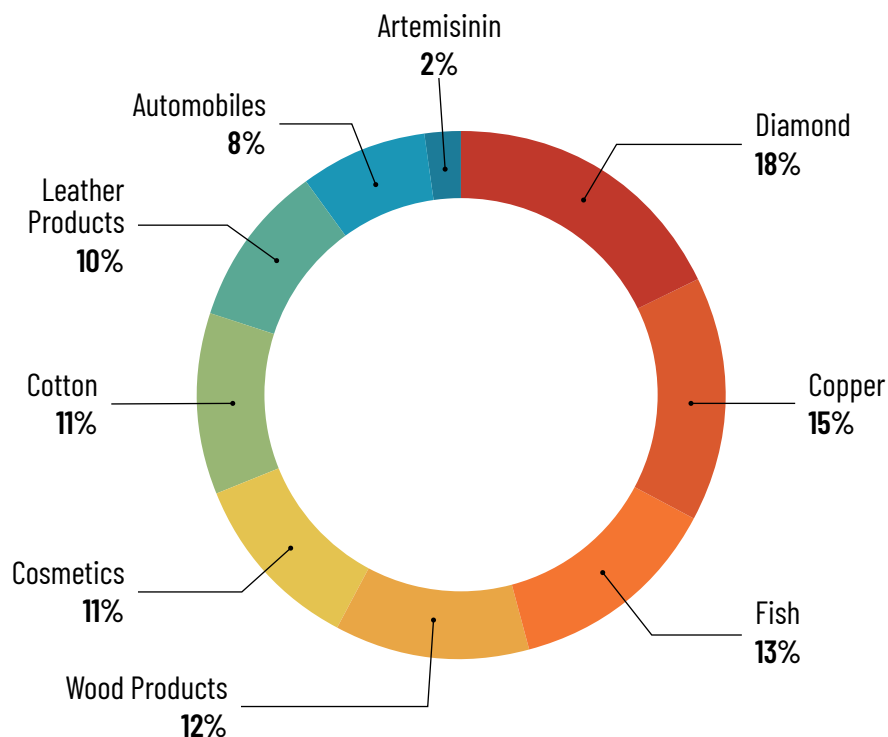
This strategy and call could be extended to other African regional blocs. The following methodology was used in mapping value chains and identifying value chains using the competitive index ranking:

Mapping value chains. After adopting the refined list of industries for value chain mapping, each value chain was diagnosed on the basis of competitiveness, opportunities and obstacles. The competitiveness index was diagnosed on the basis of vertical integration, horizontal integration and local (SADC-wide) content in SADC exports.

Identifying the competitive index ranking. To ease the process of identifying competitiveness conditions of the regional (applicable to continental) value chains with the necessary accuracy, a composite assessment index was adopted that merges three indicators—strength of value integration, strength of horizontal integration share of local content in intra-SADC and international trade—into one: the SADC regional industrial value chains competitiveness index. The index provides a broad indicator for understanding the overall competitiveness position for each regional value chain (see figure 10.5 for an example of how the technique could be used under the AfCFTA; SADC, 2021).



Figure 10.5 Competitiveness rankings of regional value chains for the Southern African Development Community (SADC), 2021

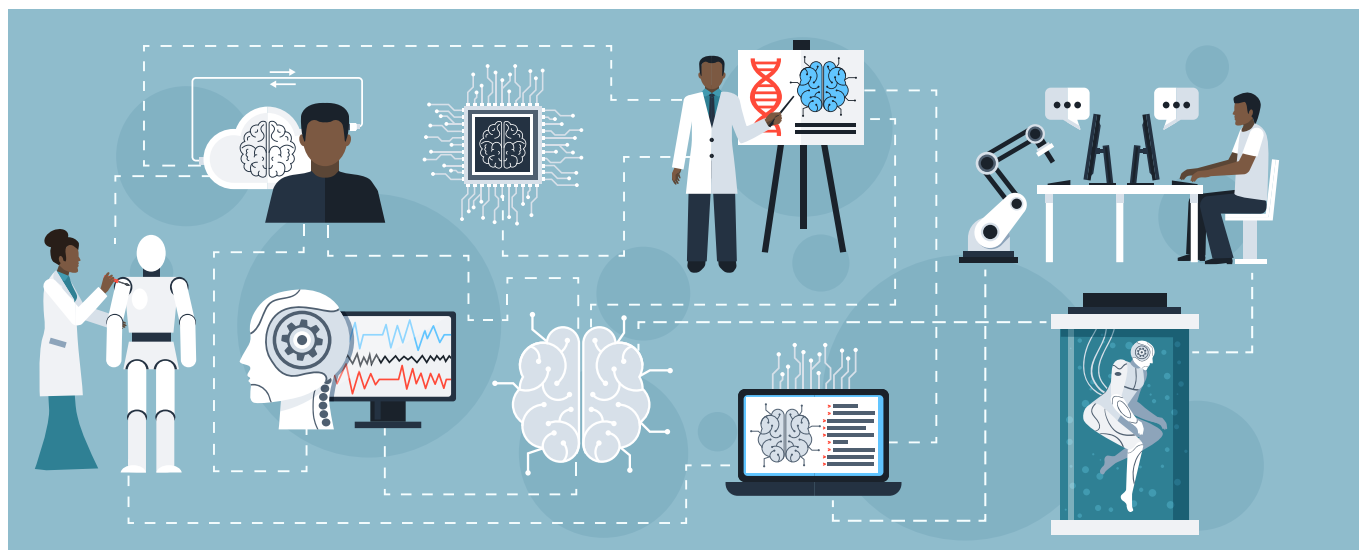


Source: Calculations based on International Trade Centre database (2020).

While artemisinin ranks very low on the competitiveness, it might grow due to demand in the pharmaceutical cluster or value chains as a remedy during pandemics and outbreaks. Africa should maximize the production capacity of fish and associated processed products for value addition; the mining industry and mineral beneficiation; cosmetics from African plants through exploitation of indigenous knowledge systems; leather and wood processing for quality, high-value added products; full exploitation of the cotton value chain, where cotton is an important export crop for Sub-Saharan Africa, which currently accounts for 15 per cent of global exports (with West Africa accounting for almost 75 per cent of the region's production and shipments). Benin, Burkina Faso, Mali and Côte d'Ivoire, the leading producing countries, have seen volumes grow due to area expansion and government support (OECD and FAO, 2020).

Of further great interest and economic value for Africa is the automobile industry, which several African countries have embraced. Fully digitalizing the manufacturing process could increase the value. This implies maximum use of robots for rapid production, as in the Fourth Industrial Revolution, and a fully digital automobile product itself that supports the internet of things and 5G networks, is smart energy capable, has artificial intelligence built in for collision avoidance, uses machine learning for self-driving where necessary and offers other features espoused in emerging digital transportation, such as electronic cargo tracking, which is useful for supply chain management under the AfCFTA.

Figure 10.6 Examples of artificial intelligence application throughout industries: robotics



Source: PixelPlex (2020) and ECLAC (2021).

Note: Artificial intelligence is expected to open up new uses in vertical industries and speed up the adoption of Industry 4.0 models, yielding gains in productivity and competitiveness and improvements in sustainability.

Quest for an education system that promotes science, technology and innovation

There is an urgent need to purge the curricula and redesign the education system to meet the current and future needs of the manufacturing industry and supporting sectors. Deliberate effort must be made to cooperate with institutes that are custodians of curricula, to impress on them the need to audit the curricula.

Interventions include provisioning specialized education in technical and vocational education and training and at the university level for manufacturing, mining, agriculture, engineering, construction, energy, environment, and information and communications technology or digitalization. For this to be possible and effective, academic institutions need to be equipped with world-class laboratories, STEAM courses need to be strengthened and access to infrastructure for science, technology and innovation needs to be enhanced. In addition, science laboratories in all primary and secondary schools need to be constructed, rehabilitated and stocked; spaces for digital education for both young people and adults need to be established to host virtual science laboratories, which will enhance open distance e-learning, especially for STEAM; and data-driven decision making needs to be promoted for open distance e-learning investments.

For each education premise (primary, secondary, technical and vocational education and training, college and university), product development facilities need to be established: fabrication laboratories, maker spaces, innovation hubs (i-hubs), innovation garages and technology parks. These facilities should be open for use by the communities and inclusive of innovators and inventors who are out of school or otherwise marginalized.

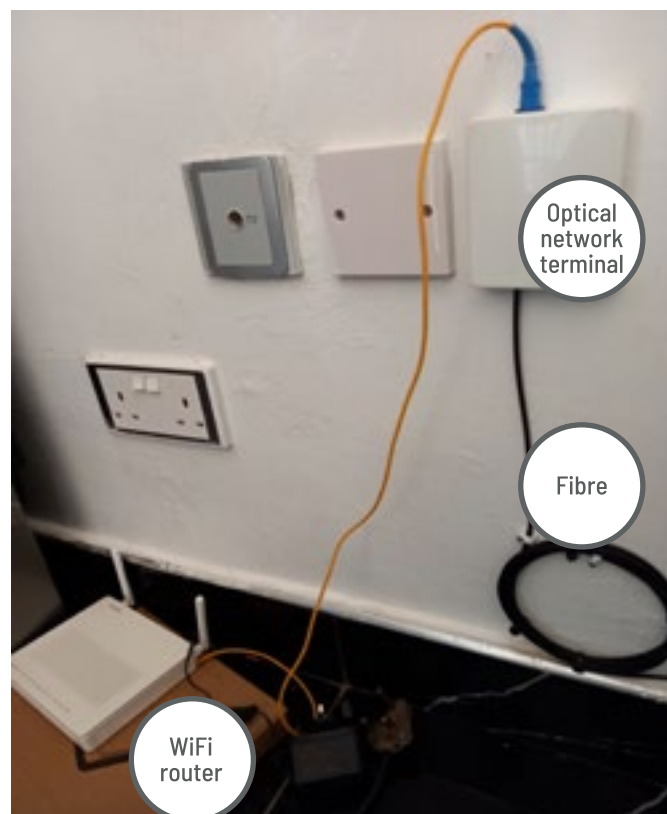
Establishing FM radio and digital television, specifically for education, so that all school-age children (pre-primary, primary and lower secondary), especially the most vulnerable, can continue quality education in a safe home environment during school closures due to the COVID-19 pandemic and in a safe school environment after reopening (UNDP, n.d.).

Policy recommendations: practical examples as small steps to digitize Africa

Schools' connectivity through community networks as digitalization infrastructure

It is necessary to bring internet to schools using fibre to the x technology and radio-over-fibre—or to at least create a connected community network of schools where digital education resources could be shared (figure 10.7). This brings benefits such as education, training and access to information through internet protocol radio, television and the world wide web, where wholesale internet bandwidth is manageable and budgeted for. Those who cannot budget for internet as a basic need like water and electricity will surely be left behind.

Figure 10.7 Fibre to the x at an innovation garage/makerspace



Source: Authors. Photo taken at eCRG Park, Kalimbuka, Malawi.

Education radio

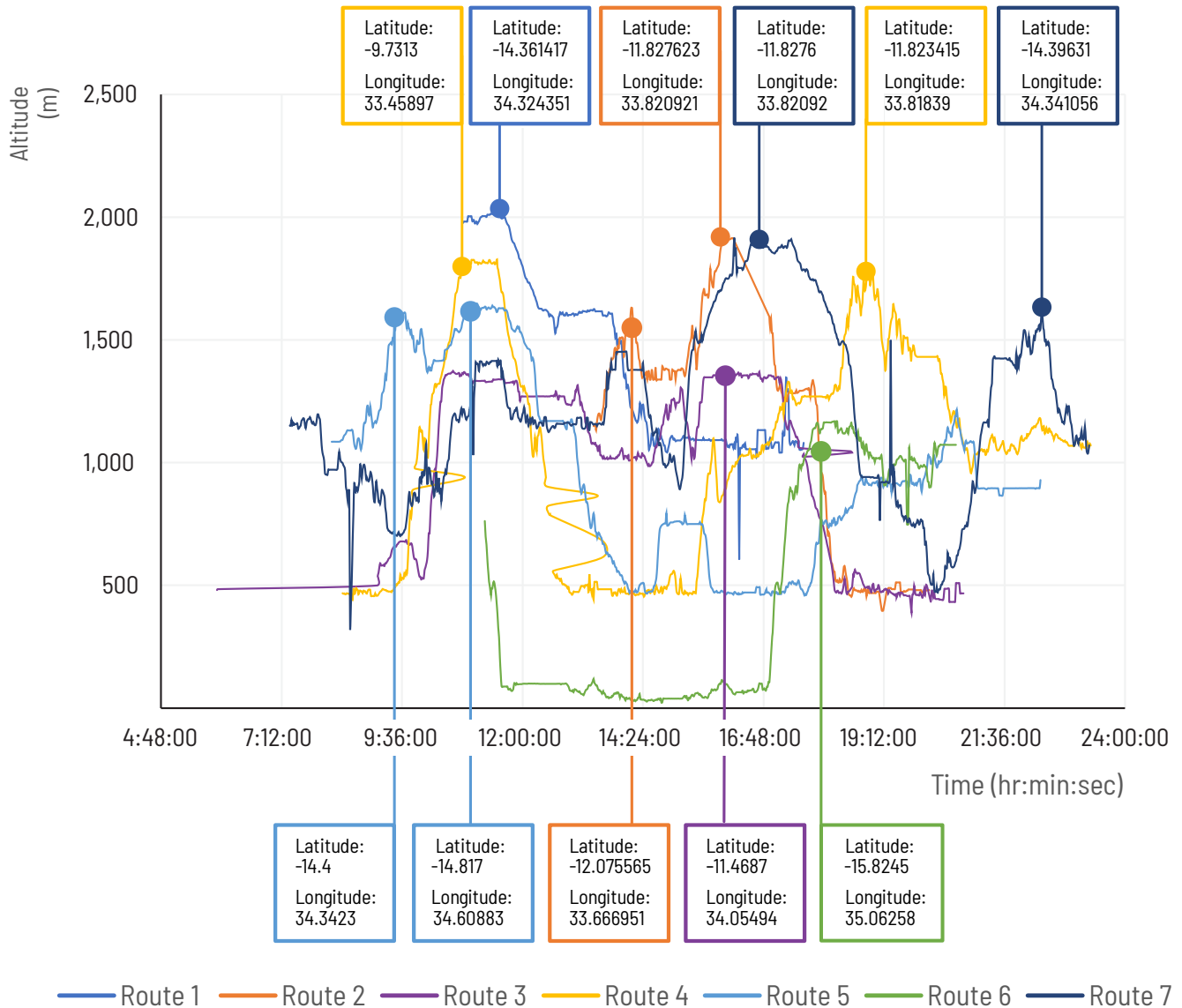
To reach out to impoverished, remote citizens who would otherwise not have an opportunity to attend school due to distance and lack of disposable income, a radio (solar or manually powered) could bring education to their doorstep, leaving no one behind.

The strategy for digital Africa must therefore include radio. Member states should establish a national education radio system. Sites that could transmit the analogue FM signal should be surveyed with digital tools such as GPS Altimeter 2021, which measures time (time stamp), location (geo-tagging) and altitude for antenna co-sitting options. The data from a typical route assessment makes the highest geo-locations clear, thereby identifying candidates for long-distance FM radio signal transmission that can cover a wider footprint and hence a greater listenership (figures 10.8 and 10.9). Figure 10.10 shows a FM dipole antenna set for multiple radio stations mounted on the same antenna supporting mast (tower).

Many young people should be trained in radio engineering; speaker, audio and studio monitor systems; and antenna design and fabrication, including manufacturing or assembly of African-branded FM radio receivers. It is high time, and it is a big market. Small steps like these will eventually lead to Africa assembling mobile phones and future smart devices, given the business intelligence that demand for devices will continue to increase exponentially beyond 2050 and that these devices will be replaced more often.

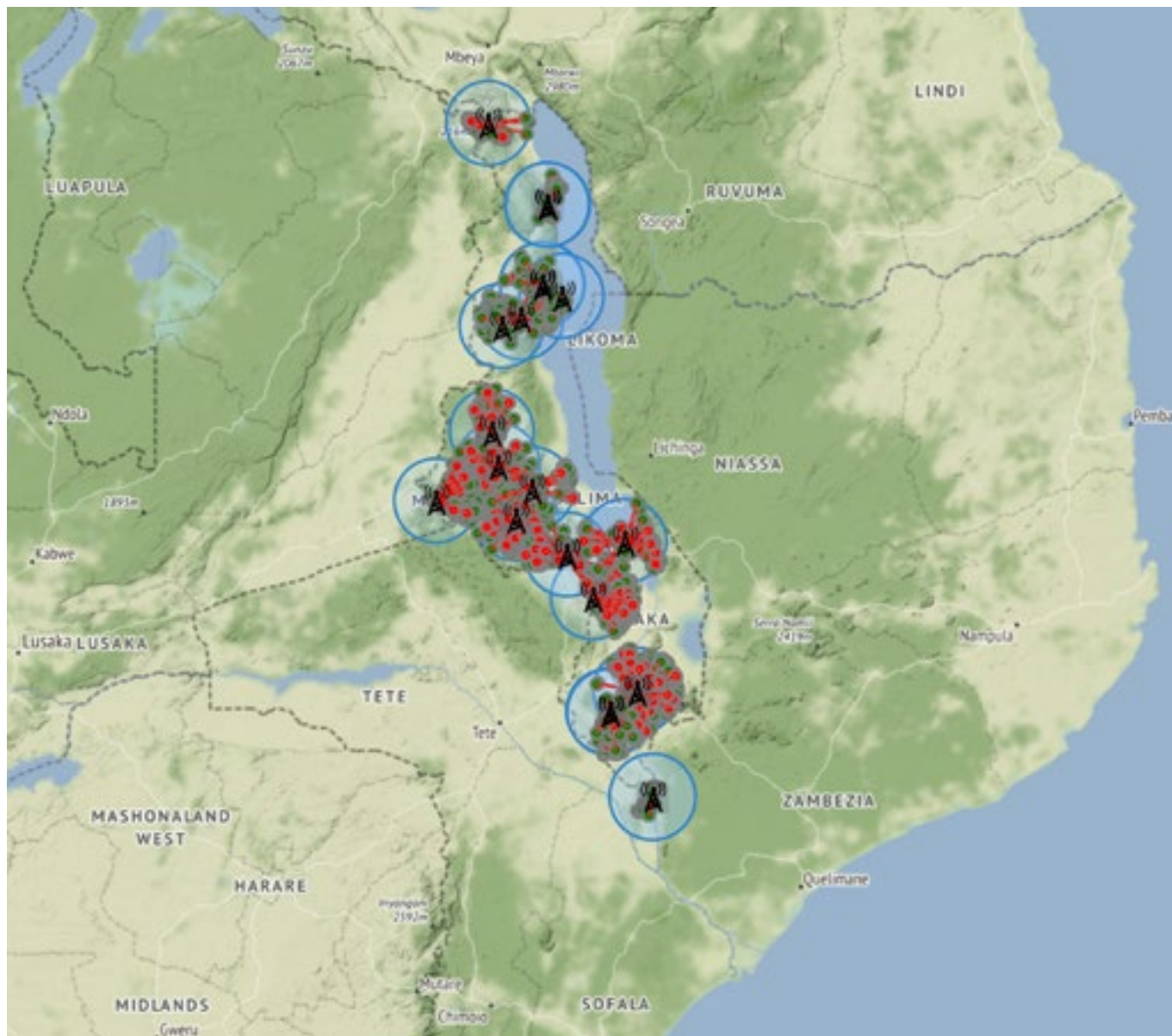
Figure 10.8 Signal assessment routes trace using mobile app to record: time stamp, location and altitude: The easiest way to locate and isolate peaks for long-range transmission

Transmitter Sites Assessment in Malawi



Source: Authors using data captured by GPS Altimeter mobile app.

Figure 10.9 Telecommunication towers in Malawi showing 50 km radius circles of possible signal coverage



Source: OpenStreetMap, http://wireless.ictp.it/Malawi_schools/map.html.

Note: Red lines represent links to schools represented by green dots (primary schools) and red dots (secondary schools).

Figure 10.10 Typical FM dipole antenna sets deployed for some community and national licensed FM radios at an altitude of 1,351 metres



Source: Authors.

Conclusions

This chapter has unveiled the poor situation that Africa is in with respect to science, technology and innovation (STI) and hence digitalization. Nevertheless, the situation is redeemable. The benefits of a digital Africa, borrowing from the digital world, have been discussed, and some strategies to domesticate some of these benefits for Africa have been crystallized as simple, instructive and manageable blueprints. Recommendations in the form of practical examples of solid implementations to realize a digital Africa are given, leaving readers inspired to digitalize for the Africa we want (AU, n.d.b).

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11. HOW THE TECHNOLOGY AND INNOVATION PROVISIONS OF THE AFRICAN CONTINENTAL FREE TRADE AREA AGREEMENT AFFECT ITS IMPLEMENTATION

John Ouma-Mugabe

Introduction

This chapter analyses the technology and innovation provisions of the African Continental Free Trade Area (AfCFTA). It argues that the Agreement establishing the AfCFTA contains explicit technology and innovation policy measures and that its effective implementation will be determined largely by strategic investments in rapid technological change in African economies. Because tradeable products, services and processes are in fact technologies, trade is highly dependent on technologies embodied in infrastructure, transport and other means of conveyance and communications. The ability of countries to engage in sustainable free trade across the continent thus depends in large part on their technological performance, particularly in creating new products and services, diffusing old and new technologies and developing human capital.

The technology–trade nexus is complex and often misconceptualized. Technology and innovation policies tend to be viewed in isolation from trade policies. The converse is also true: trade policies tend to be designed in isolation from technology and innovation policies. This chapter stresses that the success of AfCFTA depends on building technology and trade policy convergences. That, in turn, is about innovation in policy and policy-making—introducing and adopting new ways of designing converging technology and trade policy regimes.

The chapter first lays out conceptual issues on the technology–trade nexus and explains the role of innovation in the complex interrelationship. Based on a review of literature, it shows that the interrelationship is non-linear and not determinant. Public policies and institutions are critical to ensure that technology and innovation spur sustainable, fair and equitable free trade and, on the other hand, that continental or regional free trade promotes technological development of countries.

Next, the chapter interprets explicit and implicit technology and innovation provisions of the AfCFTA. It discusses the AfCFTA objectives and substantive provisions on technical standards, industrialization, intellectual property protection, technical cooperation and technology transfer, and promotion of science and technology. It is through the implementation of these provisions and the strengthening of national and regional systems of science, technology and innovation (STI) that the objectives of the AfCFTA will be realized.

The last section proposes policy measures to fast-track implementation of technology and innovation provisions of the AfCFTA. Such measures include aligning national STI policy frameworks with the AfCFTA objectives, integrating (or mainstreaming) AfCFTA objectives and principles of free trade into national and regional STI policies and strategies and embedding the STI policy agenda in the programme of work of the AfCFTA Secretariat.

Conceptual issues

It is useful to clarify the key concepts of technology and innovation and before discussing their interrelationships with trade. *Technology* refers to the application of knowledge to generate products, processes and services and to the way resources, including knowledge and information, are converted into economic commodities. Technology is embodied in hardware and software. *Innovation* is the introduction, diffusion and deployment of new products, practices, services and processes. It is also about new organizational practices or routines. Technology and innovation are critical in the economic development of countries. They drive the productivity of firms, farms and countries. Sustainable development—meeting the needs of current generations without undermining the ability of future generations to attain theirs—is possible through investments in the production and application of new knowledge. In other words, attaining sustainable development as articulated in the 17 Global Sustainable Development Goals (SDGs) is possible only through technology and innovation. However, technology and innovation do not have the internal logic to promote sustainable development. Public policies are critical in steering and aligning technology and innovation with sustainable development aspirations and the SDGs.

Since the 1970s, there has been an explosion of academic inquiry on how technology, innovation and international trade are related, with an emphasis on issues such as intellectual property protection and technology transfer (see, for example, Jones, 1970; Juma and Ojwang, 1989; UNCTAD, 1986). The relationship is non-linear and complex in many ways. Technology and innovation influence the content and direction of trade. The converse is also true. Trade influences the content and direction of technological change and innovation in firms, farms and economies in general. Trade can be a mechanism or channel for transferring technologies between firms and between countries. Most (if not all) of tradeable goods and services are technologies.

Relatively old studies such as Markusen and Svensson (1985) and Jones (1970) laid a good conceptual foundation for studying the technology–trade nexus. But most of the studies have been in law and economics. Studies in technology and innovation policy are just starting to focus more explicitly on issues of regional and international trade. There are also relatively few studies on the relationship between technology and regional economic integration. Yet, technology is a driver of regional economic integration, and regional economic integration can spur the technological development of countries and regions (Mugabe, 2006). Technological innovation can lower or reduce the costs of regional economic integration and trade.

The literature on trade theory and technology and innovation has been concerned mainly with the impact of technological change on trade in commodities, using a two-country trade model. Analysis of the influence of technological change on regional or continental trade may be in its infancy. Technological change (and technical progress) is embodied, and so the transmission of technical knowledge from one country to another depends on facilitating trade in capital goods and services.

The ability of countries to effectively engage in regional and international trade is related to their level of technological development. Studies such as Loungani, Mody and Razin (2002) show that technologically advanced countries incur lower costs of communication and higher benefits of trade than countries that are technological underdeveloped. The lower communication costs associated with digitalization, good physical infrastructure, cheap electricity and ease of mobility of skilled labour foster regional and international trade.

Technology and innovation provisions in the African Continental Free Trade Area

The Agreement establishing the AfCFTA is both innovative and transformative; if effectively implemented, it will spur Africa's technological development and structural transformation (Mugabe and Manyuchi, 2020). According to a recent report by the World Bank (2020, p. 5):

“The AfCFTA agreement would also boost regional output and productivity and lead to a reallocation of resources across sectors and countries. By 2035, total production of the continent would be almost US\$212 billion higher than the baseline. Output would increase the most in natural resources and services (1.7 per cent), with manufacturing seeing a 1.2 per cent rise. But output in agriculture would contract 0.5 per cent (relative to the baseline in 2035) at the continental level. In absolute terms, most of the gains would be realized by the services sector (US\$147 billion), with smaller gains in manufacturing (US\$56 billion) and natural resources (US\$17 billion). By 2035, agricultural output would decline by US\$8 billion relative to the baseline. As compared with the baseline in 2035, agriculture is growing faster in all parts of Africa except for North Africa, which under AfCFTA is shifting toward manufacturing and services.”

Realizing these potential economic benefits depends on how well African countries harness and apply technology—the process of innovation, particularly new and emerging technologies such as nanotechnologies, biotechnologies, artificial intelligence and robots—to structurally transform their economies. Through investments in the development and deployment of technology, countries will be able to reduce their over-dependence on raw commodity exports and spur manufacturing. This should be one of the priorities of countries under the AfCFTA.

The AfCFTA's objectives, provisions and protocols contain technology and innovation policy statements—a recognition of the technology-trade nexus. Its provisions on industrialization, sanitary and phytosanitary measures, technical standards, intellectual property protection and tariff and non-tariff barriers on goods and services should be interpreted with more focus on their technology and innovation underpinnings. In the preamble of the Agreement, countries “committed to expanding intra-African trade through the harmonization, coordination of trade liberalization and implementation of trade facilitation instruments across Africa, and cooperation in the area of quality infrastructure, science and technology, the development and implementation of trade related measures” (AU, 2018; emphasis added).

They resolved to “enhance competitiveness at the industry and enterprise level through exploiting opportunities for economies of scale, continental market access and an efficient allocation of resources.” Enhancing the competitiveness of industries and enterprises requires investing in technology and innovation.

The AfCFTA Protocol on Services contains an explicit objective to promote technology and innovation. It states that countries will cooperate to “promote research and technological advancement in the field of services to accelerate economic and social development” (AU, 2018). Innovation in services such as financing, business registration and health relies heavily on new technologies associated with digitalization. Countries that invest in the new and emerging technologies of the fourth industrial revolution will be able to boost their trade in services and generate new forms of services or new service activities.

Critical issues of technology and innovation policy relate to intellectual property protection (IPP). Though not explicitly framed in the AfCFTA Agreement as technology and innovation policy, IPP has important implications for technological development and research to attain the objectives of the Agreement. For example, IPP affects technology transfer in complex ways. It may constrain countries in the exchange of scientific and technical knowledge, depending on the state of their technological development. IPP can also provide incentives for technological innovation.

Unlocking barriers to technology and innovation

Critical African policy frameworks and foundations for implementing the technology and innovation provisions of the AfCFTA are already in place or are being established at local, national, regional and continental levels of governance. At the continental level, the Constitutive Act of the African Union (AU) establishes high-level institutional arrangements for science, technology and innovation. Policy measures for promoting STI are in the 2000 Constitutive Act and in various initiatives of the AU, the African Development Bank, the United Nations Economic Commission for Africa, the AU Agency for Development–New Partnership for Africa's Development (NEPAD) and other organizations.

Article 13(i) of the Constitutive Act of the AU provides that the AU Executive Council shall coordinate and make decisions on policies relating to science and technology that are of common interest to the Member States. Article 14(d) establishes the Committee on Industry, Science and Technology, Energy, Natural Resources and Environment to deal with issues of science and technology, among others (AU, 2001). The committee's functions include preparing AU projects and programmes dedicated to STI.

In 2014, AU Member States adopted the Science, Technology and Innovation Strategy for Africa (STISA-2024), which provides overall policy direction and priority areas for investment in STI (AUC, 2014). STISA-2024 is the overarching policy and programmatic framework, with strategic measures for promoting STI to attain Africa's Agenda 2063 aspirations and the global SDGs. Its mission is to "Accelerate Africa's transition to an innovation-led, Knowledge-based Economy" by "[i]mproving STI readiness in Africa in terms of infrastructure, professional and technical competence, and entrepreneurial capacity" and "[i]mplementing specific policies and programs in science, technology and innovation that address societal needs in a holistic and sustainable way" (AUC, 2014, p. 11). The strategy articulates six priorities and interrelated objectives.

Progress in implementing STISA-2024 and related national STI policy frameworks has generally been slow. This is manifested in the few programmatic initiatives dedicated to the strategy, low levels of investment in STI (African countries have not attained the 1 per cent of GDP gross expenditure on research and development adopted in the Lagos Plan of Action in 1980) and the slow progress in establishing the African Science, Technology and Innovation Fund and launching programmes such as the ones to implement AU Pharmaceutical Manufacturing Plan. Africa's contribution to the global pool of scientific knowledge and innovations is low.

The continent's contribution to the stock of scientific publications in Web of science journals was less than 2 per cent of the global total in 2018 (AU and AUDA-NEPAD, 2018).

The slow progress in implementing STISA-2024 and the low levels of technological development will affect the realization of AfCFTA objectives in at least two ways. First, they will negatively impinge on implementation of the STI provisions of the AfCFTA, such as those related to the promotion of research and technology development in services, sustainable industrialization and manufacturing, and diversification of African tradeable goods and services. There is no evidence that African countries will be more committed to implementing technology and innovation provisions of the AfCFTA if they are not doing much to implement other AU strategies and policies for science, technology and innovation.

Second, current low levels of technological development, particularly in communications infrastructure and the mobility of goods and people, may slow implementation of the AfCFTA. They raise the costs of producing, moving and trading goods and services. Indeed, the high costs of trade among African countries are an impediment to implementation of the AfCFTA. Reducing trade costs requires investing in new technology and innovation. It is precisely for this reason that countries need to focus much more on building technological and innovation capabilities if they want the AfCFTA to succeed: to transform their economies and transition to sustainable development.

There are at least four strategic actions that African countries should take, individually and collectively, to address systemic barriers to technology and innovation:

- Building broad-based executive, political and civic leadership in technology and innovation policy.
- Renewing STISA-2024 and aligning it to the AfCFTA and then dedicating African resources for its implementation.
- Aligning national STI policies with the AfCFTA and capacities by raising awareness (or understanding) of the technology–trade policy nexus in the AfCFTA framework and assisting countries to design national plans for implementing technology and innovation provisions of the AfCFTA.
- Establishing a portfolio of policy research on technology, innovation and the AfCFTA.

Mobilizing African leadership and resources to promote technology and innovation for the Africa Continental Free Trade Area

As stated, how successfully the AfCFTA will be implemented depends largely on how well African countries harness and deploy technology and innovation to diversify economies and spur commodity-based industrialization. However, this can only happen effectively if there is dedicated leadership to champion increased investments in technology and innovation, helping to build political and civic engagement in implementing STISA-024 and national STI programmes. The AU should consider establishing a high-level working group of advisors and champions for domesticating technology and innovation provisions of the AfCFTA. The working group would also help develop a comprehensive AfCFTA technology and innovation action plan.

Strengthening cooperation in research, technology and innovation

The AfCFTA requires African countries to cooperate on research and technology development in services and on other areas of the Agreement, such as establishing technical standards and intellectual property protection. Cooperation in research, technology and innovation is critical to enable countries to exploit economies of scale by sharing technological infrastructure and expertise in areas such as technical standards and intellectual property protection. Mechanisms for cooperation in research, technology and innovation are relatively weak on the continent. While there are networks of African universities and science academies, and associations of various professional bodies such as engineering, there are infrastructural and financial challenges to networking. Because researchers, engineers and technicians have little or no funding dedicated to networking and cooperation activities, their capacity to travel, communicate and participate in innovation activities across the regions and continent is constrained.

The AU and the AfCFTA Secretariat should consider developing an African Protocol on Cooperation in Research, Technology and Innovation that would give some legal force to STISA-2024 and require countries to design and implement technology and innovation policies that promote continental free trade and technology transfer and exchange. The proposed protocol would establish a special fund to facilitate the ability of technicians, researchers and engineers on the continent to travel, communicate and participate in innovation activities. It would help to align and strengthen the technology and innovation provisions of regional economic communities with the AfCFTA.

Aligning national technology and innovation policy with the Africa Continental Free Trade Area

Another set of strategic actions are needed to align national STI policy frameworks with the AfCFTA and to strengthen technology-trade policy linkages in African countries. Aligning STI policies to the AfCFTA will entail reviewing and revising policies to remove any measures or objectives that undermine free continental trade in Africa or promote trade protectionism. Also included are any policies that tend to grow or configure closed, rigid national systems of innovation (NSI) that restrict the outflow and inflow of scientific and technical knowledge. Most African countries have adopted an NSI approach in their STI policy frameworks. Misconception and misapplication of the NSI can promote scientific and technological protectionism that would be work against the objectives of the AfCFTA. Thus, a careful review of STI policy frameworks is necessary to ensure proper alignment with AfCFTA.

Conclusion

This chapter has shown that technology and innovation are vital to realization of the AfCFTA. Attaining the objectives of the AfCFTA will require investments in multiple forms of technological development and innovation. The AfCFTA Agreement recognizes this and contains provisions related to technology and innovation policy. Implementing these provisions will require leadership in championing technology and innovation and mobilizing African resources for scientific research and technological activities that spur trade and sustainable development.

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12. THE AFRICAN CONTINENTAL FREE TRADE AREA IN AN AGE OF PANDEMICS

Richard Sezibera and Francis Mangeni

Introduction

The first case of COVID-19, an infectious disease caused by the SARS-CoV-2 virus, was reported in 2019 (WHO, 2021a). The disease affects different people in different ways. Most people who are infected will develop mild to moderate illness and recover without hospitalization (WHO, 2021b). However, some experience difficulty breathing, and severe cases can result in death. As of December 29, 2021, there had been 281,808,270 reported cases globally, including 5,411,759 deaths. One life lost is too many. As of 27 December 2021, a total of 8,687,201,202 vaccine doses had been administered (WHO, 2021c).

The search for patient zero, the first person to be infected by the virus, remains inconclusive. The exponential spread of the disease ranks it among the worst pandemics to ever afflict humankind. China, the initial epicentre of the pandemic, published the Draft National Catalogue of Livestock and Poultry Genetic Resources on 8 April 2020, which banned the eating of bats, dogs, cats and other wild and domestic animals. It has since also banned wildlife markets. In 2017, wildlife trade was estimated by the Chinese Academy of Engineering to be worth \$73 billion. To end the pandemic, deep-rooted traditions and vested interests will need to be reined in, drawing on experience during earlier pandemics, for instance, after the outbreak of SARS in 2003, which spread to 26 countries, infecting 8,098 and killing 774 people in just six months.

While the *raison d'être* of government is to ensure the security and prosperity of the people, COVID 19 has shown that doing that is not just about boots and bombs or the invisible hand. Far more, it is a matter of protecting actual lives from nuanced threats that could be far greater than weapons hurled about and that require exacting science and wisdom rather than empty sloganeering and nationalism.

Response measures

To halt the spread of the virus and address this pandemic, lessons from past pandemics, such as the 1918–1920 Spanish flu, remain pertinent.

In dealing with COVID-19, good practices have taught us the efficacy of TiTiTS: Test/isolate + Trace contacts/isolate + Treat + Sanitize and of taking all of these measures simultaneously on a universal scale. The disease can be avoided by applying basic science-based measures such as maintaining physical distance from others (social distancing); wearing a mask or a face cloth; regularly washing hands with soap and using sanitizer; not holding events that attract crowds, especially indoors; limiting unnecessary travel and, above all, by getting vaccinated, which reduces the severity of symptoms, the need for hospitalization and the possibility of death. Countries around the world that consistently applied these measures managed to reasonably contain the pandemic, such as, Germany, Republic of Korea, Mauritius, New Zealand, Seychelles, Singapore and Taiwan, China.

However, the measures require adequate capacity—in testing kits, tracing methods and technology, hospital beds and personnel, medicines, and safety and cleaning material. And the TiTiTS measures need to be taken within a framework that highlights decisive actions based on science (D-A-B-S) and taken promptly. Half measures can be both wasteful and life-threatening. Resurgences or threats of new waves followed when response measures were relaxed prematurely, for instance in China and Singapore and later in the United States and the United Kingdom, which also occurred in previous pandemics. The initial delays by science-denying leadership in the United States and the United Kingdom, or the scepticism and lack of clarity in Italy and Spain in taking required measures, contributed to a huge death toll. Decisive measures to protect lives is the first, over-riding priority. Such prioritization might require compulsory wearing of face masks and vaccination as conditions for access to public offices and certain spaces in the private sector, the banning of crowds and limiting the numbers of gatherings, imposing curfews and regulating travel. All such measures, however, should be balanced against ensuring that people can earn a livelihood. So, where this can be done safely, the economy can be opened carefully on the basis of science.

Past epidemics and pandemics, such as the Spanish flu of 1918, and recent ones such as the foot-and-mouth disease in 2001 and mad-cow disease of 1986–2001 from Europe, were curbed only through D-A-B-S actions driven by clear and collaborative government leadership.

These actions need to be transparently adopted in legal and policy instruments, mapped out into strategies and costed action plans, clearly and easily communicated and effectively disseminated throughout communities and to all levels of governance and leadership: for instance, stay home, work from home, be safe, sanitize, wear a face mask, get vaccinated and get a booster shot. All media and forms of communication should be used to raise awareness, always bearing in mind differences in languages and circumstances, so that we each can be our brother and sister's keeper.

Science-based measures to contain contagious and infectious diseases have been well known for a very long time. However, the initial scientific tasks include knowing the nature of the new disease and its symptoms, transmission, containment and mitigation measures, as well as treatment, among others. Scientific information about COVID-19, which is needed to inform protective measures, was disseminated around the world relatively early, and its genome was sequenced. This means however, that the TiTiTS and D-A-B-S measures require current readiness to effectively respond immediately.

This, in turn means that, to protect lives, it is a fundamental responsibility of government to have emergency responses ready to deploy immediately for dealing with outbreaks of epidemics and pandemics, as well as localized surges in disease burdens. COVID-19 spread like wildfire, decimating populations as many governments fumbled helplessly, lacking adequate medical infrastructure including beds and protective equipment, medical staff, stockpiles for emergency response and with proper regulatory frameworks in place. In many countries, near-empty coffers could not support adequate safety nets and economic stimuli packages.



Impact of the pandemic

In a letter of 22 March 2020 to the heads of the World Bank, International Monetary Fund and the European Central Bank, Dr Vera Songwe, the Executive Secretary of the UN Economic Commission for Africa, conveyed a request on behalf of Africa for \$200 billion to cope with the COVID-19 pandemic and support economic recovery efforts. Many feared that the pandemic would otherwise wipe out Africa's painstakingly achieved gains over the last three decades—knocking the economic growth rate down to a 1.8 per cent a year from highs of 6 per cent, losing over 20 million jobs and as much as \$65.7 billion monthly during lockdowns, potentially resulting in a total cost of \$275 billion. The trade and transport sector is operating at just 27 per cent of capacity, and companies are operating at only 43 per cent of capacity on average. A strong case has been made for credit lines to the private sector to preserve and grow productive capacity. These pandemic impacts hit some countries harder than others, devastating lives and economies.

The challenges are clear. At the onset of the pandemic, African economies were projected to contract at between 1.6 per cent and 3.4 per cent of GDP due to the economic fallout. This was exacerbated by an unemployment crisis. In April 2020, Jayaram et al. (2020) estimated that 9–18 million formal jobs could be lost in Africa, with a further 30–35 million jobs at risk of reductions in wage and working hours as a result of reduced demand and enforced lockdowns. While some of the effects were not as severe as initially projected, the International Labour Organization (ILO) notes that there has been a sharp reversal in global labour productivity growth. Whereas the average worker in a high-income country produced 17.5 times more output per hour than the average worker in a low-income country in 2020, the gap is projected to widen to 18.0 in 2021, the largest gap since 2005 (ILO, 2021).

Additionally, GDP is likely to shrink considerably in 2020. African economies contracted by 2.1 per cent, amounting to a GDP loss of \$145–\$149 billion. In March 2020, African finance ministers called for \$100 billion in support and indicated that stimulus packages of up to 6 per cent of GDP might be necessary across the continent (Reuters, 2020). Africa needs \$445 billion over five years to recover. But recovery is pegged on vaccination. The ILO estimates that for every 14 people who were fully vaccinated in the second quarter of 2021, one full-time equivalent job was added to the global labour market (ILO, 2021). However, Africa is lagging behind on vaccination rates—only 3.0 per cent of global vaccines were administered in Africa—yet the continent hosts 17 per cent of the world's population (Van Trotsenburg, 2021).

The impacts on specific sectors, including health and education, have been severe, demanding a reconsideration of the continent's priorities to drive economic transformation. These challenges are additional to the continent's structural bottlenecks that necessitated launching the AfCFTA in the first place. Africa is the most fragmented continent, with 55 countries, 16 of which are landlocked and more than half of them with a population of under 10 million. The continent's borders are also arguably the thickest in the world, presenting almost insurmountable barriers to the movement of the factors critical for socioeconomic transformation. It is a truism worth repeating that bacteria and viruses know no borders and do not carry passports, and therefore, to effectively deal with pandemics, true continental integration is key. To prevent a recurrence of the same state of unpreparedness with which the continent faced COVID-19, all actors must review the lessons learned and prepare adequately for future disease threats in order to make this one the last pandemic.

Lessons learned

The COVID-19 pandemic has presented Africa with stark policy choices. On the one hand, there is the need to coordinate emergency measures to contain the pandemic and safeguard the lives and livelihoods of the population. These measures may need to include closing national borders and restricting cross-border trade. On the other hand, the pandemic provides an opportunity for the socioeconomic transformation of Africa by fundamentally rethinking economic and governance models. In this respect, if handled properly, the pandemic may enhance rather than challenge implementation of the AfCFTA.

The continent has an opportunity to adapt. Africa is a continent of promise, even in—and maybe especially during—the age of pandemics. An Africa inured to disasters is not an Africa many are ready to accept, tolerate or live in. These times provide an opportunity to maximize the impact of more meaningful integration on health and sustainable development, anchored on a transformational socioeconomic agenda. The AfCFTA provides an opportunity to strengthen health sector harmonization, including a continental surveillance system to facilitate systemic collection, collation, analysis, interpretation and dissemination of information, as well as the design and implementation of Africa-wide strategies for prevention and mitigation. A framework for health sector integration could include support for the local production of vaccines, pharmaceuticals and diagnostics; regional procurement capacity; a regional surveillance system, a regional referral system; shared information exchange system; harmonized and integrated regional and national policies, and a harmonized qualifications framework for Africa's health labour force.

A continent-wide surveillance system is long overdue. Surveillance resources are scarce, and therefore this is a task that must not be left to individual countries; a regional approach is critical. A regional approach would also reduce duplication in reporting, enable the sharing of resources among disease control programs and better translate surveillance and laboratory data into specific and timely actions.

Procurement capacity on the continent remains weak. Putting sound systems in place and building capacity at the local level to procure goods and services for the best value for money would be transformative for Africa. Scaling up the bargaining power of regional bodies and their Member States is critical.

Pharmaceuticals consume an average of 30–60 per cent of countries' health budgets. A large portion of pharmaceutical requirements and all vaccines are procured from non-African sources: Africa imports 70–90 per cent of its drugs. Africa lacks the capacity to manage stockpiles or enter into on-demand supply agreements with vaccine manufacturers. Yet this capacity, critical for effective management of pandemics, cannot realistically be developed and managed at the national level. Clearly, regional strategies and trade agreements on such costly products and associated services are crucial. COVID-19 has brought to the fore the urgent need for local production of vaccines. But companies that eventually establish facilities in Africa will only be able to access regional pharmaceutical and vaccine markets, and then only depending on their competitiveness; product portfolio, quality and price; and ability to meet regulatory requirements and processes. Africa's fragmented markets, diverse regulatory requirements and inefficient processes raise the cost of supply chains and are a barrier to the interaction between suppliers and willing buyers. The AfCFTA is a way of easing this important constraint.

COVID exposed the continent's weak access to vaccines and other lifesaving products. In all recent disease outbreaks since SARS and H1N1, high-income countries have locked up available capacity from manufacturers. For Africa, this means that, absent an exceptional, coordinated global response, everyone who contracted the disease and who could have died of the disease would have died before the first vaccine arrived. Clearly this state of affairs is unacceptable now, or in the long term.

A continent-wide health information system is the foundation for building successful healthcare policies, effective surveillance and shared service delivery systems. Yet, experience at the national level has shown a tendency for costly and inefficient disease-specific information silos. This experience should inform the design of an effective integrated African health information system within the African Union's digital agenda. Aligning the various information sets and agendas in support of a continent-wide health information system is a complex undertaking, but the potential rewards are enormous. The AfCFTA will be an important mechanism for discussions and negotiations of the health information systems infrastructure, the heart of integrated healthcare and health services. Coordinated systems and committed states are so crucial to managing pandemics. Thus, leadership and political will determine success or failure—all important in the health domain, where we cannot countenance failure.

The continent also needs to urgently address the financing gap for clinical research capacity. Despite numerous calls for higher domestic spending on general health and health research (Abuja Declaration 2001, Mexico Ministerial Summit on Health Research 2004, Bamako Call for Action on Research for Health 2008, Addis tax initiative 2015), capacity building for clinical research still lags on the continent. While committing to spend at least 15 per cent of national budgets on the health sector, African countries are currently only at 0.1-2.0 per cent. Africa should use the challenges exposed by the COVID-19 pandemic to champion the implementation of the recommendations of the WHO Independent Panel on Pandemic Preparedness (WHO, 2021d).

The future of Africa depends not only on economics, but also on epidemiology. Homo sapiens is not the only genus to claim ancestry in Africa. Numerous other life forms, including bacteria and viruses, would also claim African ancestry if they could.

There is therefore the need at the national, regional, and global levels for adequate medical, economic and partnership facilities. Indispensable are sound industrial capacity in the pharmaceutical sector, a sound technological base, absorptive capacity to harness and utilize innovations, institutions and regulatory frameworks, and global science networks with effective local reach. Global partnerships and effective leadership are needed to suppress disease outbreaks anywhere in the world. There is also need for global and national economic responses to survive and recover from the mayhem. COVID-19 is not the first pandemic and will not be the last disease threat. Preparedness for future disease outbreaks is imperative, along with suppression measures.

Together, the global economy survived and recovered from the financial crisis that started in the United States in 2008. Street and academic protests and populist movements forced globalization to move towards equitable development and responsibility for our planet earth. This pandemic must motivate humankind to act in partnership to become much better prepared going forward and to ensure a clean, healthy, peaceful and prosperous world. Leave no one behind we agreed as a global community when we adopted the Millennium Development Goals in 2000 and the Sustainable Development Goals in 2015, the culmination of 3,000 years of thinking.

Preparing for the next pandemic

Many future pandemics are likely to originate in Africa. In 2014, we watched in horror as the Ebola crisis unfolded in West Africa and returned in 2017 to devastate the Democratic Republic of the Congo. The same year, Madagascar reported an outbreak of bubonic plague, Uganda saw an outbreak of Marburg virus disease and Nigeria experienced a severe outbreak of Lassa fever. As the International Vaccines Task Force has pointed out, epidemics are appearing with increasing severity and frequency. An ever-growing number of new zoonotic infections arise each year, and the pathogens are growing and adapting. Infectious disease outbreaks are on the rise around the world. Many of them, such as SARS, MERS, avian influenza, Ebola, Zika, Lassa, names hitherto relegated to the vocabulary of epidemiologists and medical professionals, are now household names.

The number of new infectious diseases affecting humans has increased fourfold in the past 60 years, and the number of outbreaks per year has more than tripled. This means that the continent must devise a common strategy to manage epidemics and pandemics as part of its economic transformation agenda. Instead of playing catch up defence, it is time for Africa to make a serious push to get ahead of these diseases and build the capacity to develop the necessary tests, treatments and vaccines before they are needed. Africa has to join the drive for a sustained global response and perhaps even to lead that drive.

In this context, the lessons Africa has learned from responses to past epidemics and the COVID-19 pandemic need to be consolidated, scaled up and institutionalized. The relatively low mortality in Africa from the COVID-19 pandemic can be attributed to the African response rather than to a lack of data to report the full scale of infections and deaths, demographic constitution (such as a large youthful population) and a hot climate.

Following the Ebola epidemic of 2014-2017, Africa responded by establishing the African Centres for Disease Control and Prevention, an institution that was at hand to coordinate the response to the COVID-19 pandemic. These efforts were complemented by African Centres for Genomics, which had sequenced samples from 30 countries and trained 1,300 geneticists by December 2021. An emergency meeting of health ministers was convened immediately after the first death from COVID was reported by Egypt, and it adopted a Joint Continental Strategy. The African Task Force for the Corona Virus was set up in February 2020 and met bi-weekly. And the Bureau of the African Union Assembly held monthly meetings. Other initiatives included the establishment of the

African Vaccination Acquisition Task Force, the Partnership to Increase COVID Testing, and the online African Medical Supplies Platform. By March 2020, lockdowns and other restrictions were put in place, with 42 countries in lockdown by July 2020. In partnership with private sector operators like AfroChampions, the African Union adopted digitalized initiatives for safe travel, such as PanaBios, which were scaled up globally. The Treaty for Establishment of the African Medicines Agency was finalized and entered force in 2021.

Indeed, Africa has in place the basic elements of a new public health order to ensure health security. But this will require a comprehensive approach covering surveillance, responsiveness, investments and industrialization, especially in the pharmaceutical sector and overall public health systems. Happi and Nkengasong (2021) propose a system-wide response covering financial, institutional and regulatory engineering:

- Commit adequate budgetary resources to investments in the health sector, in line with the commitment to spend at least 15 per cent of national budgets in the health sector.
- Strengthen and empower the African Centres for Disease Control and Prevention at national and regional levels.
- Accelerate translational research (research aimed at translating basic research into results that benefit people) and development through increased funding to reach, for instance, 6,000 epidemiologists on the continent and reduce the importation of drugs from the 70 percent of the total to 90 per cent.
- Invest in early warning systems, such as the surveillance and laboratory network established in 2017.
- Build centralized governance by establishing an African Pandemic Preparedness and Response Authority and an Africa Disease Threat Fund by scaling up the COVID 19 Response Fund.

We have witnessed an awakening to the danger at the global level. Many countries have voluntarily opened up to external evaluation of their preparedness. The World Health Organization has rolled out a research and development blueprint for action to prevent epidemics (WHO, 2016). The Coalition for Epidemic Preparedness Innovation has launched a \$3.5 billion effort to reduce the risk of future pandemics and epidemics and shorten the time it takes to develop new vaccines to protect against sudden viral outbreaks (CEPI, 2021). The World Bank launched the Pandemic Emergency Financing Facility (World Bank, 2020), and new initiatives like COVAX have contributed to global vaccine equity. The AfCFTA is an ideal entry point for Africa's effective participation in this strategic imperative. While future pandemics will differ, Africa's

response to the HIV pandemic may provide useful pointers to the direction of an effective response as well as the dangers to avoid.

The World Health Organization has prioritized the adoption of a global international legal framework on pandemics to make COVID-19 the last such devastating pandemic. The framework must address institutional arrangements for global leadership and rapid action; transparency and reporting requirements; sharing of bio-platforms and rapid creation of absorptive capacity around the world, but especially in developing countries; creation of pools for relevant patents, skills and other knowhow; adequate and ring-fenced financial, human and other resources commensurate with the scale of global pandemics; government, industry, academia and civil society partnerships at global and regional levels for rapid production and distributions of vaccines, therapeutics, diagnostics and other medical products; logistics for rapid access to remote areas; manufacturing capacity in the pharmaceutical sector and regional value chains; the building of a sound technological base; strong primary health care systems and other preventive and awareness-raising national and regional programs; and trade regimes that facilitate the interstate movement of pharmaceutical products, including online platforms.

It is well to remember, though, that before the COVID-19 pandemic, Africa already had set up 11 high-level panels, which produced 16 reports. Their recommendations were not meaningfully implemented, leaving humankind exposed to the horrors of the COVID pandemic that struck in December 2019. The will to act and actual implementation are therefore critical. The WHO Independent Panel for Pandemic Preparedness and Response (WHO 2021d) has therefore produced robust recommendations to be implemented on the basis of a systems approach, calling for a new international, coordinated, connected, fast-moving, accountable and just order; with actions taken and high-level political leadership at the national, regional and global levels; and involving all relevant global institutions, including the United Nations and its necessary agencies especially the WHO, the International Monetary Fund, the World Bank and the World Trade Organization. Specific recommendations include a focused and independent WHO, a pandemic treaty and a Senior Global Health Threats Council, investment in preparedness now rather than later, authority for the WHO to publish information and dispatch expert missions at once when disease outbreaks threaten, a pre-negotiated platform for equitable sharing of vaccine therapeutics and diagnostics, especially those supported with public funds; and an International Pandemic Financing Facility for adequate ring-fenced financial resources (WHO, 2021d).

Yet, while a systems approach at the global level is the best option, experience has clearly shown that inequities could still emerge—and

that Africa tends to be on the bad end of such outcomes. Vaccine inequity, for instance, has been outrageously evident in the COVID-19 pandemic. Africa, at the continental and regional levels, must therefore be engaged in initiatives to implement global programs.

Although health coordination and collaboration have improved within the regional economic communities, especially the East African Community, the Economic Community of West African States and the Southern African Development Community, progress is needed in other regions. Responses to infectious disease outbreaks and other health problems should be collective and therefore require coordination and efficiency in delivering comprehensive care, fairness in access and social protection, and multisectoral action across borders. Increasingly, divisions between programs for HIV and non-communicable diseases are being bridged, enabling countries to build on the successes in scaling up HIV services and in expanding access to 21st century primary care that includes services for both HIV and non-communicable diseases. Appropriate strategies depend on the prevalence of specific diseases and the characteristics of a country's health system.

Regional coordination for disease prevention and control is critical for pooling regional expertise and resources to ensure safety for travellers. Setting up regional guidelines and standards does not undermine country-focused solutions, which involve local stakeholders in the regional public goods. Many clusters of countries across Africa have joined forces to address the impact of migration and displacement within various regions, putting aside political differences. Creating these plans made it possible, for example, to provide HIV-related services to migrants and refugees. These mobile populations often did not have access to HIV related services before these regional initiatives were established. Regional plans help ensure that more comprehensive, integrated and harmonized services are provided. And they can also improve program efficiency and reduce costs in disease prevention and care.

Pandemics inevitably put pressure on governments to subsidize industries critical to public safety. But subsidization may well lead other countries to impose countervailing duties, defeating a common purpose. For the AfCFTA to succeed, Africa should negotiate a Pandemic Preparedness and Management Treaty or, at least, a comprehensive chapter in the Protocol on Intellectual Property. This can be a blueprint for a global compact, informed by the AfCFTA but focused on the promotion of industrial value chains in the pharmaceutical sector, pooled procurement, regulatory and institutional arrangements and other measures required for effective pandemic preparedness and management. With the COVID-19 pandemic exposing the urgency of implementing the African Pharmaceuticals Production plan of Action,

with the appointment of a Special Envoy, this issue needs to receive attention as Africa negotiates the operational annexes to the AfCFTA. Furthermore, it is imperative that Africa undertake a thorough review of current and planned investments in research capacity. This review should involve major funders of clinical research, as well as African networks of laboratory, ethics, and regulatory bodies.

The AfCFTA provides a good entry point for coordinated action by a broad array of stakeholders across the continent, including the private sector, in building capacity not only in good health care, but also in robust systems that enhance the capacity for productive and profitable research for the continent. The sector can organize to participate effectively in global initiatives that involve pharmaceutical, biotechnology and clinical research companies, in order to build capacity across the continent. One model that could potentially be scaled up to enhance capacity building in Africa is TransCelerate, a nonprofit organization in the biotechnology industry working to improve efficiencies and speed development in the clinical trial space (TransCelerate, 2021). TransCelerate facilitates information sharing across its member companies to enable faster and more efficient identification and recruitment of qualified investigators. African private sector operators in this space could benefit from and champion continent-wide cross-site learning and action.

Africa's ability to make the AfCFTA a success depends, to a large extent, on the rules of origin negotiated and agreed on. It also depends on its capacity to meet the challenges that COVID-19 and other pandemics pose to the continent's socioeconomic transformation, as envisaged under Agenda 2063. Industrial development of the pharmaceutical sector will require supportive rules of origin that facilitate the free movement of pharmaceutical products and promote universal and affordable access. This means that pharmaceutical products produced on the continent should be eligible for preferential treatment under AfCFTA rules and should benefit from trade facilitation programs. At the same time, though, the rules must provide adequate room for imports of necessary inputs from outside the continent where such inputs are not available on the continent or not sustainably available in adequate and predictable amounts. Political direction from the highest levels is required for defining wholly produced and substantially transformed, as well as for changing tariff headings as required for an effective, coordinated continental response. The current technical definitions, while perhaps sufficient for traditional free trade arrangements, are grossly inadequate for the cross-continental management of epidemics.

Conclusion

The AfCFTA, like all trade arrangements, is not an end in itself. It should address the real and urgent concerns of communities and individuals across the continent. One measure of its success will be how well it empowers countries and communities to deal with the effects of COVID-19 and other pandemics on people's lives and livelihoods. This chapter has offers some ideas on how this can be done. The urgency of the current pandemic may provide an impetus for discussions on a topic that may not engage trade negotiators to the extent that it should. For example, in light of the COVID pandemic, it can be said that rules of origin, as well as anti-dumping, countervailing and safeguard measures, should not unnecessarily impede cross-border cooperation and the free movement of pharmaceutical products needed to manage epidemics. Rather, trade and industrial policies should facilitate and strengthen the cross-border production chains needed for African self-sufficiency in critical supplies, including vaccines, therapeutics, diagnostics and other medical products required in public health responses to pandemics and epidemics.

Private sector activities, particularly those of pharmaceutical, biotechnology and clinical research companies, have led to the development of clinical research capacity across the globe through clinical trials and country research. But the fragmented nature of African economies has prevented the continent from benefiting from these private sector initiatives, undermining the capacity of African countries to respond to rapidly spreading pandemics. In addressing these challenges, Africa should position itself as a leader so that it might never again be the case that advanced economies are able to respond to a crisis with whatever it takes, while African countries are left lagging. Taking advantage of the opportunities available through digital connectedness and advancing the infrastructure and regulatory frameworks for Africa's health sector are imperative for the survival and prosperity of the continent and its people.

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Endnotes

- 1 The often-cited figure of a combined GDP of \$2.5–\$3.4 trillion at current prices and exchange rates vastly under-represents the market potential of the continent.
- 2 Most of the discussions in this section and some parts of the chapter draws on ECA (2004, 2006, 2008, 2010).
- 3 Kouassi (2007) provides deeper insights on the subject.
- 4 Further discussions on the theory of regional integration are contained in Schiff and Winters (2003), Baldwin (1997), Krugman and Elizondo (1996), Viner (1950) and Krugman and Venables (1990). For lessons on the European experiences with regional integration, please see Winters (1997).
- 5 See Wonnacott and Lutz (1989), Wonnacott and Wonnacott (1981), Wonnacott (1996) and World Bank (2000) for further readings on the subject.
- 6 The foundations of this section is based on ECA (1976, 1981, 1986) and Koussi (2007)
- 7 This Section is drawn from OAU (1980) and ECA (1991).
- 8 It has to be noted the World Bank (2020) has developed a strategy for supporting Africa with its Regional Integration Project.
- 9 Between 2019 and 2021, the authors were part of ECAs coordination team that led institutional support efforts on AfCFTA readiness and implementation at national and regional levels. As such, they have led support for national and regional AfCFTA implementation strategies and capacity building activities targeting both public and private players in the AfCFTA arena.
- 10 The chapter draws on government documents, especially the AfCFTA national implementation strategies, and international organizations' publications and statistics. In some cases where more information is needed, or information gaps are found, interviews were conducted by phone and email with key informants close to the AfCFTA process at national and regional levels.
- 11 Actual figure is certainly higher since a significant share of trade among African countries pass through informal channels and therefore is not captured by official statistics.
- 12 From 2019 to 2021, ECA collaborated with the AUC, the EU and other UN Agencies and supported more than 30 countries and 4 RECS develop the AfCFTA implementation strategies.
- 13 National Strategy for Implementation of the African Continental Free Trade Area Agreement, 2019, Ministry of Commerce, Trade and Industry, Republic of Zambia.
- 14 Stratégie de la mise en œuvre de l'Accord de la ZLECAf pour la République Démocratique du Congo, 2021, Ministère Ministre du Commerce extérieur de la RDC, RDC.
- 15 National African Continental Free Trade Area (AfCFTA) Implementation Strategy for Zimbabwe, 2019, Ministry of Foreign Affairs and International Trade, Republic of Zimbabwe.
- 16 The Gambia AfCFTA National Implementation Strategy, 2021, Ministry of Trade, Industry, Regional Integration and Employment, Republic of the Gambia.
- 17 Malawi Africa Continental Free Trade Area (AfCFTA) National Strategy (2021–2026), 2021, Ministry of Trade, Republic of Malawi.
- 18 According to consultation in countries where ECA is supporting the development of AfCFTA National implementation strategy
- 19 Stratégie Nationale de Mise En Œuvre de la Zone De Libre-Échange Continentale Africaine Du Cameroun (2020–2035), 2020, Ministère du Commerce, République du Cameroun. Available at : https://www.minepat.gov.cm/index.php?option=com_docman&view=download&alias=188-strategie-nationale-de-mise-en-oeuvre-de-la-zone-de-libre-echange-continentale-africaine-du-cameroun-2020-2035&category_slug=publications-economiques&Itemid=285&lang=en.
- 20 Malawi Africa Continental Free Trade Area (AfCFTA) National Strategy (2021–2026), 2021, Ministry of Trade, Republic of Malawi.
- 21 Stratégie de la mise en œuvre de l'Accord de la ZLECAf pour la République Démocratique du Congo, 2021, Ministère Ministre du Commerce extérieur de la RDC.
- 22 Stratégie Nationale de mise en œuvre de l'Accord ZLECAf, 2020, Ministère du Commerce, de l'Industrie, et du Tourisme, Mauritanie.

- 23 Stratégie nationale de mise en œuvre de l'Accord portant création de la Zone de libre-échange continentale africaine (ZLECAf), 2020, Ministère du Commerce, République du Guinée.
- 24 Stratégie Nationale de mise en œuvre de l'Accord ZLECAf, 2020, Ministère du Commerce, de l'Industrie, et du Tourisme, Mauritanie.
- 25 National Trade Strategy Repositioning Trade for the African Continental Free Trade Area, 2020, Ministry of Trade and Industry, Republic of Sierra Leone.
- 26 National Trade Strategy Repositioning Trade for the African Continental Free Trade Area, 2020, Ministry of Trade and Industry, Republic of Sierra Leone.
- 27 Stratégie Nationale De Mise En Œuvre de L'accord sur la Zone de Libre-Echange Continentale Africaine (ZLECAf), 2021, Ministère de l'Industrie, du Commerce et de l'Artisanat, République du Burkina Faso.
- 28 Stratégie Nationale de Mise en Œuvre de la Zone De Libre-Échange Continentale Africaine du Cameroun (2020-2035), 2020, Ministère du Commerce, République du Cameroun.
- 29 The Gambia Afcfta National Implementation Strategy, 2021, Ministry of Trade, Industry, Regional Integration and Employment, Republic of the Gambia.
- 30 Stratégie Nationale de mise en œuvre de l'Accord ZLECAf, 2020, Ministère du Commerce, de l'Industrie, et du Tourisme, Mauritanie.
- 31 Stratégie nationale de mise en œuvre de l'Accord sur la Zone de Libre-échange Continentale Africaine (ZLECAf) Côte d'Ivoire, Ministère du Commerce et de l'Industrie, République de la Côte d'Ivoire. http://www.cnzlecaf.gouv.ci/uploads/doc/Strate%C3%ACgie_Nationale_de_mise_en_oeuvre_de_la_ZLECAf.pdf.
- 32 The experience of Cote d'Ivoire has been shared.
- 33 See <https://www.tradebarriers.org/>.
- 34 Rapport des ateliers de formation à l'intention des agents des douanes sur les nouvelles exigences qu'impose la Zone de Libre-échange Continentale africaine (2020), Ministère du Commerce, de l'Industrie, et de la Consommation Locale de la République Togolaise, 2020 (non publié).
- 35 <https://commerce.gouv.tg/les-commerçantes-et-les-femmes-entrepreneures-togolaises-beneficient-dune-formation-sur-les-thematiques-de-la-zlecaf/>
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- 37 <https://www.intrafricantradefair.com/en>.
- 38 Chief, Regional Integration and AfCFTA Cluster, Office for Eastern Africa, ECA. The views expressed herein are those of the authors and do not necessarily reflect the views of the United Nations.
- 39 Head of the Trade Policy Training Centre in Africa.
- 40 Defined as textile, fibres, yarn, fabrics and clothing (Standard International Trade Classification division codes 26, 65 and 84).
- 41 Total manufactured exports for the continent were worth \$112.8 billion in 2019, and T&C exports were valued at \$18.1 billion, only \$2.6 billion (14.4 per cent) of which was destined for Africa (UNCTADStat, 2021).
- 42 Brooks (2020) notes that at its height, the Zambia-China Mulungushi Textiles factor provided high-quality jobs, with secure employment, company housing and medical care, in line with the Fordist model that was still prevalent at the time.
- 43 In 2018, Spain accounted for 61 per cent of Moroccan clothing exports and France with 20 per cent (ITC, 2021).
- 44 As noted by Schwartz (2018, p. 290), this first voluntary export restraint (VER) set the new pattern for protection under GATT: Nominally, VERs abided by GATT's rules - the Japanese could not be condemned if they placed quantitative limits on their own exports of their own free will. In turn, the United States ostensibly had done nothing and so could not be condemned for violating the principles of transparency and non-discrimination. "Practically, however, VERs violated the spirit of GATT as the United States was for all intents imposing a bilateral import quota on Japan."

- 45 In its first years, AGOA was deemed the “most effective preferential trade access regime favouring SSA [sub-Saharan African] clothing and textile exporters, particularly for Kenya, Lesotho and Swaziland” (Kaplinsky and Morris, 2009, p. 1460). However, as discussed below, its subsequent performance proved disappointing.
- 46 In reality, while the MFA was formally abolished on 1 January 2005, both the European Union and the United States negotiated new import quotas with China that lasted through 2008.
- 47 Through technological labour-saving innovations, some traditional textile-producing countries, such as Germany, Italy, Spain and the United States, have retained their share of exports in the global market.
- 48 The major outlier was Kenya, where exports declined by only 3 per cent.
- 49 Africa was not alone in experiencing a severe shake-out of its clothing sectors following the end of the MFA. Employment in EU fashion manufacturing fell from 2.9 million to 1.9 million between 2004 and 2009 (Brooks, 2019).
- 50 As Kaplinsky and Morris (2009) note, it is unclear to what extent this was due to lower unit prices of individual products or to China’s entry into lower-end production in each of the 10-digit product classifications.
- 51 Of the 13 sector-focused economic zones established so far, 10 target the T&C sector (UNCTAD, 2021).
- 52 See, for instance, Issacman et al. (1980). For historical insights into the conditions of cotton production in Africa, see Onyeiwu (2000).
- 53 There is wide variation in tariff policy in the sector across the main producing nations. Except for Bangladesh and VietNam, policies are not especially protective, at least through high import tariffs (other measures may dampen the import of textiles from outside their respective blocs).
- 54 The country managed to switch its exports towards European and regional markets and showed some recovery in the 2010s (Morris and Staritz, 2014).
- 55 Due to unconstitutional changes of government, both Guinea and Mali were also suspended from AGOA in January 2022 (Thomas, 2021).
- 56 Similarly, AGOA access presented a complex scenario for government officials in 2015 when EAC leaders announced their intention to phase out used clothes through tariff increases as part of efforts to support regional T&C sector. The backlash forced government officials to rethink the balance between fostering competitiveness of national firms by developing regional value chains and maintaining access to the US market in the face of associated competitive pressure from used clothes (Wolff, 2021).
- 57 The authors thank Francis Mangeni for his contribution to this section.
- 58 Dollar, Khan and Pei (2019) contrast the examples of Bangladesh and Pakistan. In 1990, Bangladesh’s T&C exports (\$1.09 billion) were a third of Pakistan’s (\$3.5 billion). Since then, Pakistan, a cotton producer, has incentivized textile producers to use local inputs and export the finished products, whereas Bangladesh, mostly an importer of raw T&C materials, has focused more on trade reforms and opening the sector to foreign investors. Bangladesh has integrated its T&C sector into the global value chain, sourcing most of the raw material from abroad and exporting ready-made garments. This has helped Bangladesh slowly convert its comparative advantage in clothing into competitive advantage by using better quality inputs and by collaborating with leading garments manufacturers. In 2016, Pakistan’s T&C exports (\$12.4 billion) were less than half of Bangladesh’s (\$28.3 billion).
- 59 Most of the recent technological developments in the sector have been in non-sewing operations: grading, laying out and cutting material in the pre-assembly stage and warehouse management and distribution in the post-assembly stage. Applying computer-controlled technology to these operations can greatly reduce on materials wastage and speed the process. For example, grading may be reduced from four days to one hour; computer-controlled cutting can reduce the time to cut a suit from one hour to four minutes. Sewing accounts for 80 per cent of the labour cost in the sector, including manufacture (Dicken, 2015).
- 60 The extent to which jump-starting apparel exports depends on attracting foreign investment and expertise seems to be a constant in the economic history of the sector. In Bangladesh, one of the first investors was Daewoo Corporation of the Republic of Korea, which teamed up with Bangladesh’s Desh Ltd. to produce garments for export in Bangladesh in 1979. At that time, the South Asian country had no modern industry. Little more than 20 years later, the T&C sector was generating more than \$12.5 billion in export revenue (World Bank, 2012).

- 61 Among the largest players on the African continent are CIEL Textile Ltd., Almeda Textile Factory Plc, Edcon, Truworths and Gelvenor Textiles (Mordor Intelligence, 2021). However, in terms of scale, their volume of sales pale in comparison with some of the major producers globally. In 2020, it was estimated that only 20 companies made around 97 per cent of the economic profits in the garment industry (McKinsey & Company and BOF 2020). As noted by the ILO (2021), as the pandemic continues to test corporate resilience and favour the largest and most capitalized companies, it is unlikely the recovery will see any change to these trends, and further consolidation is likely.
- 62 Among the largest players in Africa are CIEL Textile Ltd., Almeda Textile Factory Plc, Edcon, Truworths and Gelvenor Textiles (Mordor Intelligence, 2021). However, their volume of sales pales in comparison with some of the major global producers. In 2020, only an estimated 20 companies made about 97 per cent of the economic profits in the garment sector (BOF and McKinsey, 2020). As the pandemic continues to test corporate resilience and favour the largest and most capitalized companies, it is unlikely that the recovery will see any change to these trends, and further consolidation is likely (ILO, 2021).
- 63 Given the push towards environmental taxes, this will become an important competitiveness dimension. For more details, see AfDB (2019).
- 64 According to Barrett and Baumann-Pauly (2019), factory workers at Ethiopia's Hawassa Industrial Park, which employs 25,000 workers, earn \$26 a month, by far the lowest wage in the world, even by the already low-wage standards of the global garment sector.
- 65 Emeritus Professor of Development Policy and Practice at the Nelson Mandela School of Public Governance, University of Cape Town.
- 66 Postdoctoral Research Fellow, Centre for Comparative Law in Africa, Faculty of Law, University of Cape Town.
- 67 The authors thank Francis Mangeni for his constructive contributions to this chapter.
- 68 One major change to this pattern on the 2020 Visa Openness Index, was the improvement in Nigeria's position, up 22 places to 8th most open of African countries. The same report noted that all six of Africa's upper middle-income countries continued to remain low on the index (AfDB and AU, 2020).
- 69 Angola, Botswana, Comoros, the Democratic Republic of the Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, the United Republic of Tanzania, Zambia and Zimbabwe.
- 70 For example, EU funding helped set up the West African Police Information System, but it remains at an early stage of implementation (EU, 2020).
- 71 About 98 per cent of drugs consumed in Africa are produced outside the continent, which means that many sick patients do not have access to locally produced drugs and may not be able to afford imported ones.

