

# 9<sup>th</sup> Africa Think Tank Summit



9<sup>ème</sup> SOMMET DES THINK TANKS D'AFRIQUE

## THEME

“Linking Evidence, Policies, and Practice to Support the Implementation of the African Continental Free Trade Area (AfCFTA) Agreement”

## CONCEPT NOTE



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# 1. Context



The Agreement establishing the African Continental Free Trade Area (AfCFTA) was signed in March 2018 and came into force in May 2019. However, trading under the new agreement commenced on 1st January 2021. As of September 2023, 54 of the 55 African Union Member States have signed the Agreement with 47 ratifying it! The main objective of the AfCFTA is to create a single market for goods and services facilitated by the movement of people to deepen the economic integration of the African continent<sup>2</sup>. The AfCFTA targets a market of 1.2 billion people representing US\$2.5 trillion in cumulative GDP<sup>3</sup>. The AfCFTA is being implemented to address the low performance of African countries in terms of intra-African trade which is struggling to evolve compared to Europe and America, even if some progress has been recorded.

1. <https://au-afcfta.org/about/> (Accessed: 5 September 2023)

2. [https://au.int/sites/default/files/treaties/36437-treaty-consolidated\\_text\\_on\\_cfta\\_-\\_en.pdf](https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf), accessed 5/15/2023

3. IMF. 2019. Regional economic outlook. Sub-Saharan Africa: recovery amid elevated uncertainty. Washington, DC: IMF.



### **At the global level, the share of African trade is estimated in 2019 at 2.8% of world trade<sup>4</sup>.**

According to the International Monetary Fund (IMF, 2019)<sup>5</sup>, African trade has evolved over the period 1991 to 2017. Indeed, Africa's trade openness has increased from approximately 53% (1991) to 67% (2017) of Gross Domestic Product (GDP) i.e., a 14% increase in GDP. Thus, total imports and exports of services more than tripled over the period, rising from 27 billion dollars to 90 billion dollars for imports and from US\$20 billion to US\$89 billion for exports. Intra-regional trade has increased from 5% (1990) to 12% (2017) of total African imports. In terms of exports in 2017, according to the United Nations Conference on Trade and Development (UNCTAD, 2019)<sup>6</sup>, the share of intra-regional exports in total exports is 16.6% in Africa, compared to 68.1 % in Europe, 59.4% in Asia, 55% in America and 7% in Oceania.

Data on intra-community trade show that some regions in Africa are more integrated than others. The share of intra-community trade in 2016 in total African trade is 84.9% in the Southern African Development Community (SADC), 59.5% in the Common Market for Eastern and Southern Africa (COMESA), 58.4% in the Community of Sahel-Saharan States (CEN-SAD), 56.7% in the Economic Community of West African States (ECOWAS), 51.8% in the Arab Maghreb Union (AMU), 49.0% in the Intergovernmental Authority on Development (IGAD), 48.3% in the East African Community (EAC) and 17.7% in the Economic Community of Central African States (ECCAS)<sup>7</sup>. The main intra and extra-African export products recorded

on average between 2014 and 2016 are mineral products. They are estimated at 33% of intra-African exports and 50% of African exports to the rest of the world. This is an illustration of a lack or low level of industrialization in Africa.

Faced with the low performance of trade indicators for more than two decades, the AfCFTA risks not being able to promote real economic integration and socio-economic transformation if implementation is not taken seriously. While the AfCFTA holds significant promise for Africa's economic development, its success hinges on effective implementation. In this context, the Assembly of Heads of State and Government of the African Union adopted the African Union Theme of the Year 2023 as the year for **"Acceleration of AfCFTA Implementation"**. By removing trade barriers, fostering regional integration, promoting economic diversification, and attracting investments, implementation can unlock the full potential of the AfCFTA and drive sustainable and inclusive economic growth across the continent. However, evidence, data, policies, and practice form a foundation for successful AfCFTA implementation. They enable informed decision-making, policy formulation, monitoring and evaluation, stakeholder engagement, addressing challenges, and fostering a culture of learning. By relying on evidence and data, policymakers can navigate the complexities of trade integration, optimize resource allocation, and ensure that AfCFTA implementation delivers the intended economic and social benefits for African countries. **Key actors, such as African think tanks, play an important role in supporting the implementation of the AfCFTA using evidence in policy and practice. As leading actors with expertise and experience in policy research, advocacy, advice, and capacity building, African Think Tanks have an important role in shaping public policy to support the implementation of the AfCFTA.**

4. <https://unctad.org/fr/press-material/faits-et-figures-6#:~:text=In%202019%2C%20l'Afrique%20repr%C3%A9sentait,4%25%20du%20commerce%20continental%20total>. (Accessed: 16 May 2023).

5. IMF. 2019.

6. UNCTAD. 2019. Economic Development in Africa Report 2019: Rules of origin for enhanced intra-African trade. Geneva: UNCTAD. [https://unctad.org/system/files/official-document/aldcafrica2019\\_fr.pdf](https://unctad.org/system/files/official-document/aldcafrica2019_fr.pdf) (Accessed: 16 May 2023).

7. UNCTAD. 2019. Economic Development in Africa Report 2019: Made in Africa-Rules of Origin, a Springboard for Intra-African Trade. Geneva: UNCTAD.

# 2. Key Issues of the AfCFTA



## 2.1 BRIEF OVERVIEW OF THE IMPACTS OF AFCFTA IMPLEMENTATION

The most important gains expected from the AfCFTA are the reduction of non-tariff barriers and trade facilitation due to the high level of indicators associated with them. To this end, the AfCFTA requires member countries to phase out tariffs on at least 97% of tariff lines, accounting for 90% of intra-African imports<sup>8</sup>. The abolition of customs duties will have positive impacts on macroeconomic indicators such as poverty, employment, income, investment, competitiveness, and others.

The World Bank<sup>9</sup> shows that by 2035, the AfCFTA could facilitate the reduction of extreme poverty of 30 million inhabitants and increase the income of 68 million other people who live on less than US\$5.50 a day. According to the same study, real income gains from implementing the agreement could increase by 7%, or almost US\$450 billion by 2035 while adding US\$76 billion to income for the rest of the world. Of the US\$450 billion, US\$292 billion would come from the strengthening of trade facilitation measures aimed at removing bureaucratic obstacles and simplifying customs procedures. Wages will experience significant growth for both women (+10.5%) and men (+9.9%). Similarly, in terms of labor quality, unskilled workers will see their income increase by 10.3% and skilled workers by 9.8%.

Evidence also shows that by 2035, the volume of total exports would increase by almost 29% compared to the current level (16.6% in 2023). Intracontinental exports would increase by more than 81%, while exports to non-African countries would increase by 19%. Total export revenue expected by 2035 is US\$2.5 trillion of which manufactured goods dominate and are valued at US\$823 billion, US\$690 billion for natural resources, US\$191 billion for agriculture, and the remaining US\$256 billion for services. Of the total export growth of US\$560 billion, the increase in manufactured exports accounts for some US\$506 billion, an increase of US\$220 billion in Africa and US\$286 billion with the rest of the world.

The AfCFTA represents a real opportunity to stimulate economic growth, reduce poverty and expand economic inclusion. Much as the AfCFTA offers numerous opportunities in terms of larger markets, greater efficiency and competition, increased welfare, higher level of intra-African trade, and diversification of products, its effective implementation should take into account the key challenges identified.

8. Lo, M., and A. Sy. 2022. AfCFTA challenges, opportunities, impacts and success factors. Policy Center for the New South Rabat, Morocco. [https://www.policycenter.ma/sites/default/files/2022-09/PP\\_13-22\\_Moubarack%20Lo.pdf](https://www.policycenter.ma/sites/default/files/2022-09/PP_13-22_Moubarack%20Lo.pdf) (Accessed 5/17/2023).

9. World Bank. 2020. The African Continental Free Trade Area: Economic and Distributional Effects. © Washington, DC: World Bank. <http://hdl.handle.net/10986/34139> License: CC BY 3.0 IGO.

## 2.2 SOME KEY CHALLENGES IN IMPLEMENTING THE AfCFTA



### Political and security issues



Although the AfCFTA pays attention to Africa as a continent, the implementation will be at the national level<sup>10</sup>. However, policies have a crucial role to play for successful implementation. This requires political will at the level of Heads of State in the development and effective implementation of national policies related to the implementation of the AfCFTA. Policies play a crucial role in boosting private sector investment in trade, and its predictability is a key factor in creating a favorable investment environment. When policies related to trade are clear, consistent, and transparent, they provide certainty and reduce risks for private sector participants, encouraging them to invest and engage in international trade, therefore, supporting AfCFTA implementation. Furthermore, peace, security and political stability in African countries are necessary conditions for the implementation of the AfCFTA. The insecurity and terrorism that reigns in some regions must be resolved to promote the free movement of goods, services and people promised by the AfCFTA.

### Infrastructure challenges



Economically, for African countries to reap the full benefits of the AfCFTA and to be globally competitive, they need to invest more in critical infrastructure by promoting innovation and technology. Indeed, the African continent suffers greatly from a deficit in terms of infrastructure to support the implementation of the AfCFTA. According to the conclusions of the AfCFTA Business Forum (2023)<sup>11</sup>, Africa needs to improve these infrastructures with a level of investment ranging from US\$130 to US\$170 billion per year. In 2023, the financing gap amounts to US\$68-108 billion, which means that only around 34% of the population has access to electricity and that 40% live more than 5 km from the road. These challenges increase logistics costs which could represent up to 40% of the cost of trading goods among African nations.

10. UNDP. 2020. AfCFTA Futures for Women and Youth. <https://www.undp.org/sites/g/files/zskgke326/files/migration/africa/AfCFTA-report-02.24.21-FR.pdf> (Accessed 5/17/2023).

11. The AfCFTA Business Forum was held from 16 -18 APRIL 2023 at the Cape Town International Convention Center in South Africa. <https://au-af-cfta.org/wp-content/uploads/2023/03/MEDIA-ADVISORY-ENGLISH.pdf> <https://www.un.org/africarenewal/fr/magazine/mai-2023/zlecaf-saisir-les-opportunit%C3%A9s-pour-une-afrique-prosp%C3%A8re> (Consulted on 5/17/ /2023)



### Digital divide

With globalization, the challenge of digital trade policy must be resolved. Digitalization is accelerating Africa's connectivity to the rest of the world. It will make it possible to accelerate the implementation of the AfCFTA, but the institutional and regulatory framework is not yet effective. Furthermore, a common digital trade policy must be explored to protect Africans. Although currently, some countries (such as South Africa, Nigeria, Senegal, and Kenya) have started to put in place digital trade policies, there is a need for harmonization at the continental level within the framework of the AfCFTA to facilitate coordination<sup>12</sup>.



### Private sector engagement

Engaging the private sector, including small and medium-sized enterprises (SMEs), is crucial for the success of AfCFTA. SMEs often face barriers to trade, limited access to finance, and inadequate market information. Limited knowledge about trade procedures, market access requirements, and the potential for expanding into new markets can hinder private sector engagement. SMEs often face capacity constraints in terms of production capabilities, quality standards, technology adoption, and access to finance. Complex and burdensome regulatory frameworks, including customs procedures, licensing requirements, and documentation processes, can pose challenges for businesses, particularly SMEs. Lack of access to affordable credit and insurance products for trade transactions can impede businesses' ability to seize new market opportunities. The prevalence of informal and unstructured operations poses significant challenges for the private sector and necessitates attention in evidence building and policy formulation. Nearly 83% of employment in Africa and 85% in Sub-Saharan Africa is informal.<sup>13</sup> The informal sector in Africa comprises a substantial portion of economic activity, with a large number of businesses operating outside formal regulatory frameworks. These businesses often face barriers to accessing formal financing, technology, markets, and other resources necessary for growth and competitiveness. The lack of formalization limits their ability to engage in cross-border trade effectively. The informal nature of the African private sector poses significant limitations to its full participation in trade. Addressing this issue requires a comprehensive approach encompassing policy reforms, enhanced data collection methods, and targeted interventions to foster formalization and integration into formal value chains.



### Institutional capacity and coordination

Implementing AfCFTA requires strong institutional capacity at the national and regional levels. Many African countries need to enhance their trade-related institutions, including customs administrations, standards agencies, and regulatory bodies. Moreover, the lack of harmonization in regulations across countries and regions creates barriers to trade and investment. Divergent regulatory frameworks, customs procedures, and standards increase transaction costs, create uncertainty, and hinder the smooth flow of goods and services across borders. This fragmentation limits market access, reduces competitiveness, and discourages private sector engagement in cross-border trade. Coordinating actions and policies among member states and regional economic communities is essential but can be challenging. African countries vary significantly in terms of their institutional capacity, resources, and development levels. Some countries may have stronger institutions and better capacity to implement AfCFTA, while others may struggle due to limited resources or expertise. Bridging the capacity gap among member states is crucial to ensure equitable participation and benefit sharing.

12. Tavengerwei, R., Mumbo, V. and Kira, B. (2022). Considerations as AfCFTA Phase II Negotiations Approach: Digital Trade Policy Challenges in Four Sub-Saharan African Countries. Digital Pathways at Oxford Paper Series, No. 16. Oxford, UK.

[https://www.bsg.ox.ac.uk/sites/default/files/2022-03/Commerce%20nume%CC%81rique%20ZLECAF\\_FR.pdf](https://www.bsg.ox.ac.uk/sites/default/files/2022-03/Commerce%20nume%CC%81rique%20ZLECAF_FR.pdf)

13. ILO, AUC, and UNDP. 2022. Informal Economy in Africa: Which Way Forward? Making Policy Responsive, Inclusive, and Sustainable. International Labour Organization (ILO).

# 3. Linking Evidence, Policies and Practices to Support the AfCFTA Implementation



To address the key challenges and fast-track implementation in line with the African Union Theme of the Year 2023 as the year for **“Acceleration of AfCFTA Implementation”**, it is critical to link evidence, policies, and practices. This will enable informed decision making, fosters coordination, and facilitates learning from best practices, ultimately leading to a more successful and impactful implementation of AfCFTA.

Policies and practices related to AfCFTA implementation should be informed by robust evidence and analysis. This involves conducting research, collecting data, and evaluating the potential impacts of various policy options. Evidence can help identify priority sectors, trade patterns, and potential challenges, enabling policymakers to make informed decisions and design effective strategies. Moreover, policies play a central role in guiding AfCFTA implementation. Evidence also plays a crucial role in enabling the private sector to make informed and timely investment decisions. Access to reliable and up-to-date evidence helps businesses assess market opportunities, evaluate risks, and understand the potential returns on investment. It provides the necessary information for strategic planning and resource allocation. It is essential to develop policies that align with the objectives of AfCFTA and support its smooth functioning.

Evidence-based insights can help policymakers understand the potential implications of different policy choices and develop coherent and integrated policy frameworks. Sharing knowledge and experiences among member states can facilitate learning and support the adoption of effective policies and practices. Establishing inclusive public-private platforms for dialogue and consultation can facilitate the exchange

of ideas, experiences, and best practices. These partnerships can help identify practical solutions, address challenges, and drive innovation in trade-related policies and practices.

Against this background, the African Capacity Building Foundation (ACBF) under the leadership of the Republic of Zambia, through the Africa Think Tank Network (ATTN) and the Ministry of Commerce, Trade and Industry (MCTI) of Zambia, is organizing the 2023 Africa Think Tank Summit (the 9<sup>th</sup> edition) to contribute to the effective implementation of the AfCFTA. The proposed theme is **“Linking Evidence, Policies, and Practice to Contribute to the Implementation of the African Continental Free Trade Area Agreement”**. The event is supported by the **William and Flora Hewlett Foundation and the Visa Foundation** and will be co-organized with the **Regional Network of Agricultural Policy Research Institutes (ReNAPRI) Secretariat, the Alliance for a Green Revolution in Africa (AGRA) and the African Economic Research Consortium (AERC)**.



# 4. Objectives

The main objective of the 9<sup>th</sup> Africa Think Tank Summit is to bring together researchers, policymakers, practitioners (including private sector), and stakeholders from across Africa to deliberate on the critical role of evidence, policies, and practice in supporting the effective implementation of the AfCFTA Agreement. The Summit provides a unique platform to share ideas and experiences and devise implementable recommendations on what works and what needs to change in Africa's approach to implementing the AfCFTA. Participants will particularly discuss what capacities are required to accelerate the implementation of the AfCFTA and how it translates into the delivery of sound policies and actions at regional and country levels that can guarantee sustainable development in Africa.

Think tanks and other stakeholders, including policymakers, private sector representatives, researchers, civil society organizations executives, and development practitioners, will share ideas and experiences on the various interventions around AfCFTA implementation. Participants will offer concrete recommendations on options and approaches to support the implementation of the AfCFTA.



## THE SPECIFIC OBJECTIVES OF THE 2023 AFRICA THINK TANKS SUMMIT ARE TO:



Review the status of AfCFTA implementation at the national and continental level



Analyze and raise awareness of the data and evidence gaps to support the successful and effective implementation of the AfCFTA



Share the experiences and roles of think tanks to improve the use of evidence, practices, and policies in the implementation of the AfCFTA



Identify key capacity and critical technical skills challenges faced by critical institutions and actors that could jeopardize the implementation of the AfCFTA



Share experiences on the practical solutions available to ensure the capacity development challenges faced by key actors vis-à-vis the AfCFTA are addressed



Propose specific actions to ensure that the private sector is fully capacitated to drive the AfCFTA and benefit from its successful implementation.



Propose a coalition of think tanks and partners to deliver specific interventions to strengthen efforts toward implementing the AfCFTA

## 5. Sub-themes for discussion



In line with the overarching theme of **“Linking Evidence, Policies, and Practice to Support the Implementation of the African Continental Free Trade Area Agreement”** and the objectives of the Summit, the following topics/questions and guiding questions are suggested for further exploration:

### **(1) Understanding the African Continental Free Trade Area to inform evidence-based policy formulation.**

Key questions include: (a) How is the continental agenda implemented at regional and national levels? (b) What is working and what needs to change in the AfCFTA implementation approach? (c) What are the opportunities/potentials for accelerating the implementation of the AfCFTA? (d) What are the efforts made and the various initiatives at the national level for the implementation of the AfCFTA?

### **(2) Data and evidence for AfCFTA implementation – what do we know, what don’t we know, and what would we like to know to accelerate AfCFTA implementation?**

Key questions include: (a) What data and evidence exist to support AfCFTA implementation? (b) What are the needs expressed in terms of data and evidence to support AfCFTA implementation? (c) How can member states improve data collection and reporting mechanisms to facilitate monitoring and evaluation of the AfCFTA impact?

### **(3) Contribution of think tanks to support the implementation of the AfCFTA.**

a) What has been the experience of Think tanks in informing and guiding public debate on the implementation of the AfCFTA? (b) What are the key lessons that can be learned from countries beyond Africa that can be adapted to the African context to improve uptake and use of research findings on free trade agreements? (c) What roles can think tanks play in assisting key stakeholders (government, private

sector, SMEs, and CSOs) to address challenges related to AfCFTA implementation? (d) How can think tanks be better supported to play their role in the implementation of the AfCFTA?

### **(4) Building the critical capacities and skills needed to implement the AfCFTA.**

(a) What are the capacity challenges faced by governments, the private sector (including SMEs), and CSOs to support AfCFTA implementation? (b) What options are available to address the identified challenges? (c) What have been the experiences of countries in addressing the capacity challenges? (d) How can these capacities be developed, retained, and maintained within the framework of the implementation of the AfCFTA?

### **(5) Partnerships and coordination mechanisms to support the AfCFTA.**

(a) What are the existing platforms on AfCFTA implementation initiatives where one can easily identify who is doing what to avoid duplication; and identify potential partners? (b) What coordination mechanisms are needed to support the implementation of the AfCFTA? (c) What types of partnerships can be leveraged from the Africa Think Tank Summit to support the development of a comprehensive capacity development program for AfCFTA implementation, and what role can each stakeholder/partner play in the process? (d) What immediate actions should be taken by each stakeholder to support the implementation of the AfCFTA?

# 6. Format

The 2023 Africa Think Tank Summit aims to maximize interaction among participants to enable deeper exploration of issues and sharing of knowledge and experiences by key stakeholders through:



### Exhibition

A day will be devoted to connecting with a range of leading products and services providers and hundreds of fellow attendees.



### Keynote speeches

Keynote presentations by leading experts and decision makers will be made to address critical dimensions of the Summit objectives.



### Round tables, Panel Discussions, and Plenary Sessions

The sessions will explore specific topics within key thematic areas designed to meet the different objectives of the Summit.



### Breakout sessions and side events

These sessions are designed to explore specific issues in more detail and depth. They also allow partners to discuss specific issues, such as the types of institutions that will be needed in the future to deal effectively with AfCFTA implementation.



### Interactive sessions

The sessions are organized in such a way that all participants contribute to the deliberations.



## 7. Expected outputs and outcomes

The expected outcomes of the 2023 Africa Think Tank Summit include the following: (1) **Summit Communiqué**; (2) **Report of the Summit**; (3) **Newsletter of the Summit**; and (4) **News stories**.

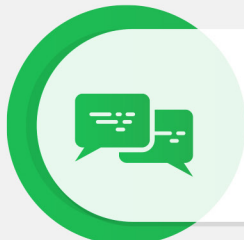
### THE 2023 AFRICA THINK TANK SUMMIT IS EXPECTED TO GENERATE THE FOLLOWING OUTCOMES:



Enhanced understanding and commitment to contribute to the implementation of the AfCFTA.



Continental, regional, and national initiatives and interventions aimed at fostering the implementation of the AfCFTA presented.



Discussion on the importance of Think tanks and their contribution to resolving problems related to the implementation of the AfCFTA.



The main capacity challenges facing countries, key institutions and actors have been identified and the most effective ways to address these institutional and human capacity challenges that hinder the implementation of the AfCFTA have been proposed.



Proposed concrete recommendations, policy guidelines, and collaboration framework to guide governments, institutions, and stakeholders to advance the implementation of the AfCFTA.

## 8. Venue and date



**8-10 November 2023**



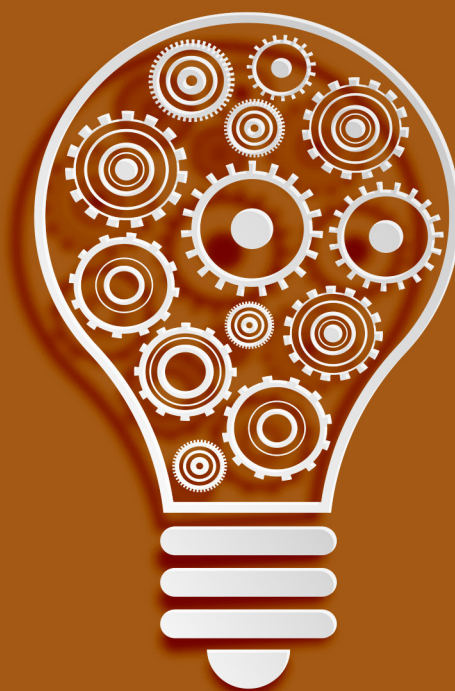
**InterContinental Hotel, in  
Lusaka, Zambia**

The Summit will be held in English and French, with simultaneous interpretation services. Stakeholders not able to join physically are able to join online via the digital means.

## 9. Target audience

# 200

Policymakers, SMEs, development practitioners, public institutions including RECs, civil society organizations, trader and farmer associations, and the academia.



## 10. Contacts

**Questions relating to the organization of the event can be sent to the following contacts:**

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