

Virtual Pre-Tana Regional Multi-Stakeholders' Dialogue

The AfCFTA and Private Sector: Unlocking Potentials beyond the Pandemic

22 September 2020

Concept Note

I. Introduction

The Institute for Peace and Security Studies/IPSS/ with the Mission of Japan to the African Union is jointly organizing a Joint Virtual Multi stakeholders Tana pre-forum on the topic: ***The AfCFTA and Private Sector: Unlocking potentials beyond the Pandemic.*** The virtual session will be held on 22 September 2020.

II. Background

The Tana High-Level Forum on Security in Africa (Tana Forum) aims at bridging the gap between policy making and policy implementation by bringing together Heads of State and Government, experts, prominent personalities, leaders of international and regional institutions, civil society organizations, the private sector, eminent scholars, academics and socially engaged youth to discuss timely issues in a spirit of commonality and moral duty towards finding sustainable African-centered solutions to peace and security challenges facing the continent. The informal nature of the Forum lends a different approach to discussing security issues on the continent. The Forum is not intended to deliver official declarations; instead, it is stimulated by the desire to engage in fresh, candid and in-depth discussions and debates on pressing peace and security issues to produce innovative solutions. The 9th Tana Forum will be held virtually for the first time on the theme '**The AfCFTA: Revitalizing Pan Africanism for Sustainable Peace and Development in Africa**' in October 2020.

III. Rationale

The long-negotiated African Continental Free-Trade Agreement (AfCFTA), signed by African states in March 2018 and coming into force in July 2019, denotes a new trade dynamic on the continent. It is an exceptional illustration of harmony among all African states on the perception that the continents' development chiefly depends on the development of trade between African countries. This extraordinary accomplishment is indebted a great deal to the commitment of many experts and senior officials in the African Union (AU), RECs/RMs, Member States and partners.

There can be no AfCFTA without the full participation of private-sector actors, the drivers of African economic operators who have to operationalize the agreement. Private sector is a major engine for sustainable economic growth and development, job creation and poverty alleviation in Africa and across the world. In Africa, the private sector accounts for 80 percent of the total production, two thirds of investment, and three quarters of credit, and employs 90 percent of the working age population. In addition, 90 percent of the firms within the African private sector are small and medium enterprises

(SMEs). These businesses' participation in cross-border trade is very limited due to tariffs, non-tariff barriers which include complex customs and trade procedures, lack of access to finance, high transportation costs and lack of access to information, among others.

Member States must vigorously work with the private sector, give them space to share their thoughts and on-ground experiences to ensure the achievement of success, maximum implementation and impact of the AfCFTA. The AU Commission has since 2018 organized AfCFTA Business Fora, to create awareness among the African private sector on the opportunities availed by the AfCFTA. These meetings were marked by active participation and contributions from African private sector organizations including the Pan-African Chamber of Commerce and Industry, the Afro-Champions Initiative, the Pan-African Private Sector Trade and Investment Policy Committee and the African Electronic Trade Group. During the AfCFTA Business Forum, which preceded the AU Extra-ordinary Summit in Kigali, the business community made a commitment to support the AfCFTA. Similarly, African leaders expressed their political will to work with the private sector in the implementation of the AfCFTA. Another important initiative to engage the private sector is the Intra-African Trade Fair (IATF), jointly organized by the AU Commission, the African Export-Import Bank and the African Development Bank. The inaugural IATF was held in December 2018 in Cairo, Egypt, and was a great success. The second IATF will take place in Kigali, Rwanda, from 1 to 7 September 2021.

AfCFTA stakeholders have some critical issues to address in order to record progress in meeting objectives of the free trade agreement. First, palpable results need to be produced quickly from AfCFTA integration so as to ensure continued momentum. The creation of an enabling environment is vital as well as it play fundamental role in attracting investors and influence them to deploy large-scale, long-term investments in the AfCFTA market. As it is known, the free movement of goods is the agreement's first focus but this depends on the progress on free movement of people via an African passport, effectiveness of the open-skies agreement, reliable infrastructures and provisions relating to the freedom of establishment where the private sector can and should have a say. The finalization and activation of the five key operational instruments unveiled at the 12th Extraordinary Summit in Niamey, Niger namely AfCFTA rules of origin; the password-protected online negotiations portal; the online mechanism for reporting, monitoring and eliminating non-tariff barriers; the pan-African payments and settlements system; and the African trade observatory which are expected to be fully functional by the start of trading on 1 July 2020 are also instrumental for AfCFTA's implementation. The need to put in place a proper logistics and connectivity framework facilitating the free movement of goods that relies on the involvement from transport operators, companies active in supply-chain traceability and infrastructure developers, electrification, transport infrastructure, multimodal platforms, and connectivity goes without saying. Policymakers, policy implementers and market players now need a paradigm shift and see the AfCFTA as their new home market facilitating the creation of a single African market.

Endeavors should also be cognizant of the impacts and new realities brought by the COVID-19 pandemic. Despite its late entry into, and relatively slow spread in Africa, Coronavirus has infected over 80,000 Africans (according to WHO statistical data dated 18 May, 2020). On the one hand, the impact of the pandemic has gone beyond a health issue, destructing trade and investment plans in the continent due to various measures undertaken by countries to help curb the disease, thus affecting the implementation of the AfCFTA. On the other side, the continent has witnessed several innovations which would not have been the case had it not been for the pandemic. Currently, based on the recommendation

of the AfCFTA Secretariat, the launching of the AfCFTA will be postponed to 1 January 2021 or later though this was scheduled to take place on the 1st of July. According to the recently appointed AfCFTA Secretary-General, Mr. Wamkele Mene, two main reasons stand behind the postponement: the need to shift current efforts to fighting COVID-19 to save lives and the challenges with simultaneous translation while conducting online trade negotiations. Whilst this is true, some of the preparation activities for initiation of the AfCFTA such as infrastructure and technology setups should still go ahead in readiness for when it will officially kickoff.

It is with this background that Tana Forum Secretariat in partnership with the Mission of Japan to the African Union is organizing this multi-stakeholder pre-forum to debate and discuss innovative solutions that would insure success of AfCFTA with support of partners such as the private sector.

IV. Goals and Objectives

The proposed dialogue seeks to complement current and ongoing initiatives and further pave the way for the involvement of the private sector specially SMEs in the implementation of the AfCFTA. It will explore the challenges and opportunities the AfCFTA avails to the private sector in the nexus of peace and security and recommend practical operable recommendations for the AU, Member States, RECs/RMs and other stakeholders working on the topic and related areas.

The specific objectives include:

- To identify common trade agreements to be put in place for the successful implementation of the AfCFTA;
- To recognize the various opportunities it avails for the private sector, Member States, private sector, businesses and individual cross-border traders on the continent;
- To look at the AfCFTA's nexus with peace and security on the continent;
- To acknowledge challenges and set way forwards.

V. Expected Outputs

These include:

- An outcomes document to be shared with peace, security and other stakeholders;
- Video recordings to be shared on IPSS and Tana Forum social media;
- Coverage of the dialogue proceedings on IPSS and Tana social media platforms;
- Virtual dialogue between States, RECs and the AU on the theme;
- Sustainable and practical policy recommendations targeting stakeholders.

VI. Proposed Approach

The format of the dialogue will comprise of expert political and technical consultations resulting in practical recommendations and networking opportunities for stakeholders working in the field of private sector, AfCFTA, peace and security.

VII. Participants Profile

Participants will include representatives from AU Member States, AUC, RECs/RMs, experts, Private sector, representatives of SMEs, representatives of business forums, youth organizations, women's networks, banking forum, funding partners, development partners, representatives of foreign governments, research organizations, think tanks, academics as well as media.

VIII. Date and Venue

The Joint Tana-Mission of Japan to the African Union will take place on 22 of September 2020 via a virtual platform.

IX. Resources

- Anne-Elvire Esmel, Private sector has key role to play in realizing AfCFTA's promise, available at <https://www.intracen.org/news/Private-sector-has-key-role-to-play-in-realizing-AfCFTAs-promise/>
- H.E. Amb. Albert Mudenda Muchanga, Preparing for trade under the AfCFTA Agreement, ECDPM Great Insights magazine, Volume 9, Issue 1, 2020 available at <https://ecdpm.org/great-insights/african-continental-free-trade-area-agreement-impact/preparing-trade-afcfta-agreement/>
- The AfCFTA should capitalize on COVID-19 to drive integration <http://ipss-addis.org/the-afcfta-should-capitalize-on-covid-19-to-drive-integration/>
- Intra-African trade fair <https://www.intrafricantradefair.com/en>