PAFTRAC

Pan-African Private Sector Trade & Investment Committee

Trade Advocates for Africa

PAFTRAC Africa CEO Trade Survey Report 2023

Assessing the impact of the AfCFTA on African trade

In partnership with

AFREXIMBANK | African Business | Botho Emerging Markets Group | AfCFTA | Arab-Africa Trade Bridges Program | ITFC International Islamic Trade Finance Corporation | International Trade Centre | AUDA-NEPAD African Union Development Agency

Foreword

In 2023 the global markets, and Africa in particular, have been impacted by macroeconomic trends that have affected the flow of trade. Rising interest rates in the West have led to higher costs of capital, and a strengthening of the US dollar against other currencies, leading to inflation and skyrocketing costs of living in developing nations. Compounding this, competing interests and increased geopolitical tensions have resulted in shifting alliances, with nations increasingly focused on pursuing their individual strategic interests. This has led to the emergence of new 'minilateral' arrangements, especially in the Global South.

One notable by-product of this resurgence of South-South relations has been the move towards de-dollarisation, driven by a growing desire among emerging markets to counter their reliance on the dollar within their own markets and also in cross-border trade. Egypt, for example, started trading with Russia and India in their own currencies earlier on in the year. Furthermore, Bank of Russia also officially started quoting the South African rand and Egyptian pound against the ruble. Additionally, the Kenyan government initiated local currency payment in a government-to-government-led oil deal with the UAE and Saudi Arabia to counter currency volatility.

The pursuit of alternative currencies could be the catalyst towards a single African currency leading to increased intra-African trade, especially for SMEs, which form the majority of traders across the continent. So far, approximately 80% of cross-border intra-African payments are re-routed offshore for clearing, hence impacting efficiency and turnaround time.

Additionally, the removal of tariffs and trade barriers across Africa is set to position the region as a key trading partner in South-South engagements, especially in initiatives such as contract manufacturing, steered by countries such as the US as they seek out new allies.

There is also a growing unrest among both developed and less developed nations. The war between Russia and Ukraine continues with no end in sight, while global powers such as France have been at the centre of intra-armed conflicts in Africa. The tussle between France and Russia for dominance in the Sahel has recently played out in the ongoing insurgency in Niger and Burkina Faso. And, Russia through the infamous Wagner Group, has been linked to control in countries such as the Central African Republic (CAR) and Mali, effectively converting parts of the continent into a proxy for a new power play between Russia and 'the West'.

On the other hand, the ongoing Sudan conflict has resulted in a further tussle between Russia, the US and the Gulf region, with each side keen on driving the outcome of the war for their own interests.

Overall, ongoing conflicts are likely to impact trade, especially with neighbouring countries; for example, conflict in the Sahel region is likely to result in spillover effects in countries such as Ghana, resulting in 1.3% lower exports and FDI flows, and in Senegal, leading to approximately 5% lower exports and FDI flows.

Additionally, the suspension of Sudan from the African Union and disruption in imports at the Port of Sudan is set to result in increased cost of goods, especially for countries such as Chad, South Sudan and Central African Republic (CAR), that rely on it as a transit hub. Already, the prices of food in CAR have doubled as a result of the war, with a further disruption in South Sudan's oil exports, which are heavily reliant on the Port of Sudan.

Despite all these crises unfolding simultaneously, Africa still remains optimistic.

This optimism can be seen in the responses of private sector leaders to the annual PAFTRAC survey. Their optimism that AfCFTA will open opportunities for intra-African trade points to the areas of emphasis policymakers should turn to in accelerating the pace of value added production and exchange of goods and services. How limited industrial policy focusing on specific factor endowments boost the latent comparative advantage of African traders should be of interest to policymakers, especially as they influence value chains and regional collaboration among private sector actors.

Their responses also suggest the need to expand initiatives to boost information available to African business leaders, especially at the SME level, where cost of search may be more significant than for bigger firms.

Survey outcomes also point to a need for more incentives for aggregators, especially for aggregators across national borders as this would boost regional share of global trade.

A majority of respondents in the 2023 PAFTRAC survey are optimistic that the AfCFTA will have a positive effect on their businesses. This has been underpinned by the AfCFTA's commitment to ease access to markets and foster trade and economic growth. However, this optimism can only be realised if the necessary support required by respondents to benefit from AfCFTA is extended to them by regulators, and with aid from the developmental institutions to push for enabling policies. Also of great importance is access to information, credit and improving the trading landscape through a focus on training, investments and trade-friendly regulations and regulators in order to allow SMEs to take advantage of the AfCFTA. The road to implementing the AfCFTA successfully is still long, but through the collaboration of the public and private sector, a successful, Africa-wide free trade area can become a reality.

Prof. Patrick Utomi

Chairperson
PAFTRAC

About PAFTRAC




The pan-African private sector trade and investment committee (PAFTRAC)

PAFTRAC unites African leaders from the private sector and provides a unique advocacy platform bringing together the African private sector and African policymakers to support extra and intra-African trade, investment and pan-African enterprise.

The platform drives pan-African results by providing a framework for private sector engagement in trade and investment issues in Africa, including policy formulation and trade negotiations to support African economies in line with the ambitions of Agenda 2063: "The Africa We Want".

PAFTRAC enhances advocacy and supports policy actions and recommendations of the private sector on trade; and investment issues at the national, trade corridor, regional and multilateral levels.

Members of the Executive Committee (above, from left): Prof. Patrick Utomi, Chairperson; Mr Samuel Dossou-Aworet, Vice-Chair; Dr Amany Asfour, Vice-Chair; Mr Agostinho Kapaia, Vice-Chair; Mr Walid Loukil, Vice-Chair

Executive Summary

This is the third edition of our PAFTRAC CEO Trade Survey. As with each of the previous editions, it has been produced at a time of compound crises affecting the African continent. The aftermath of the Covid-19 pandemic and related lockdown measures is now having less impact than previously but high levels of inflation and interest rates, partly driven by the Russian invasion of Ukraine, have generated a deal of uncertainty. As ever, African CEOs are optimistic about the potential for future trade growth but they highlight specific changes they would like to see in their responses to the questions we put to them in our survey, which forms the cornerstone of this report.

Although still in the early stages of its implementation, it is now two and a half years since the African Continental Free Trade Area (AfCFTA) was launched, so it seems an excellent time to judge awareness of the new trading zone. From the results of our survey, it appears that African companies are very upbeat about the AfCFTA's potential benefits but are understandably fearful about the impact of lowering trade barriers against competitors based in other parts of the continent. However, it seems likely that making the free trade zone a reality will be a long process, with the benefits filtering through over many years, providing member governments buy into the project.

A combination of AfCFTA initiatives and technological advances should make it easier for African companies to finance cross-border trade. Digital banking platforms are making it far easier to transfer payments for goods imported from other African countries but hard currency requirements have long been a deterrent. However, Afreximbank's decision to launch the Pan-African Payment and Settlement System (PAPSS) provides a welcome solution, given the number of banks already using the Pan-African payment platform and the fact that traders can use African currencies.

One thing seems clear from the results of our survey: more information on the AfCFTA and its operational instruments is needed to allow African companies of all sizes to take advantage of the opportunities on offer. Many of the participants said that they had little or no knowledge of key aspects of the free trade area, meaning that they are unable to take full advantage of it. They cannot make use of easier trade conduits and reduced barriers to trade if they are not aware that they exist. Here too, digital technology offers the ideal solution but a combination of adequate funding and promotion by the AfCFTA Secretariat or other relevant bodies is needed to make it effective.

Our survey respondents called for the AfCFTA Secretariat and trade finance institutions to provide them with the required information rather than national governments. The awareness campaign surrounding the launch of the AfCFTA e-tariff book appears to have had an impact, given that it was the most recognised AfCFTA instrument. The campaign could therefore be a model for other AfCFTA initiatives in the future.

Main areas to do business

The results of the questions we put to participants to identify the most important parts of the continent in terms of trade were not entirely predictable. East Africa's three biggest economies, Kenya, Tanzania and Uganda, have enjoyed among the highest growth rates on the continent over the past decade, but with the partial exception of Kenya they were starting from a fairly low base. Now, however, the benefits in terms of trade appear to be feeding through. East Africa was named an important market by 72% of respondents in relation to exports and 58% for imports. This is likely to be partly the result of the creation of the East African Community (EAC), one of the most successful regional trade blocs on the continent and the lessons of the EAC can be of benefit in the implementation of the AfCFTA.

Although Moroccan companies are building up trade with Africa south of the Sahara, North Africa as a whole is not as active in trade with the rest of the continent as it could be, perhaps because of its strong trade links with the Gulf states and European markets. Given its geographical location, Central Africa should be at the heart of African trade but most of its economies are built on exporting oil, gas, timber and other commodities to the rest of the world. However, it could and should have a key role to play in the development of the AfCFTA if transport links across the region are greatly improved.

Following this report's Introduction and details on the participants in our survey, Section 2 will highlight optimism over Africa's economic and trade prospects despite the wide range of current economic challenges. Section 3 focuses on awareness and the benefits of the emerging AfCFTA, before we look at the evolving landscape of import and export trade, including the level of participation in cross-border trade on the African continent in Section 4.

Section 5 reports CEO preferences on what the AfCFTA should focus on in several key sectors: agriculture, manufacturing, transport & logistics, pharmaceuticals and mining. The results vary from sector to sector, showing that there is not a one-size-fits-all template for boosting levels of intra-African trade. The most popular request from respondents in the agriculture, manufacturing and transport & logistics sectors was for improved access to finance. This is a common problem for companies of all sizes in Africa but a particular challenge for small and medium-sized enterprises (SMEs).

Digital banks are becoming increasingly keen to target this market, so the solution may lie mainly with the private sector but action could be taken at a continental level to make it easier to secure credit from financial institutions based in other parts of Africa. Improved regulatory frameworks are also widely requested, while mining industry respondents called for more stages of the mining value chain to be located within Africa, as commodities are currently mainly exported in their raw form. Aside from more effective regulation, pharmaceutical industry CEOs would like to see increased local manufacturing capacity.

We then consider methods of financing intra-African trade, including demand for both open banking and a pan-African currency. The final section before the Conclusion considers digital regulation and the need for pan-African data regulatory harmonisation. Much is made of the potential of Africa's growing tech start-up hubs but data regulation could stifle their development if it is not implemented intelligently.

Behind the Numbers

This year's Pan-African Private Sector Trade and Investment Committee (PAFTRAC) CEO Trade Survey has been compiled by IC Publications in conjunction with Botho Emerging Markets Group. The survey was completed in either English or French by respondents from 46 countries in total, including 44 African states. This allowed survey participants from both Anglophone and Francophone countries to complete the survey in their own business language. The 44 questions, which included both quantitative and qualitative elements, were answered over a period of 15 weeks, from 4th April – 20th July 2023. IC Publications and Botho then undertook quantitative and qualitative thematic analysis, creating data visualisations in Microsoft Excel for presentation in this report.

Most respondents are SMEs and many have operated for more than five years

Fig. 1: How many years has your company been in operation?

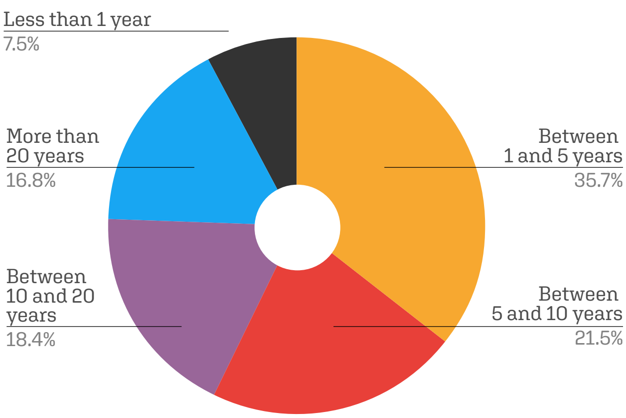
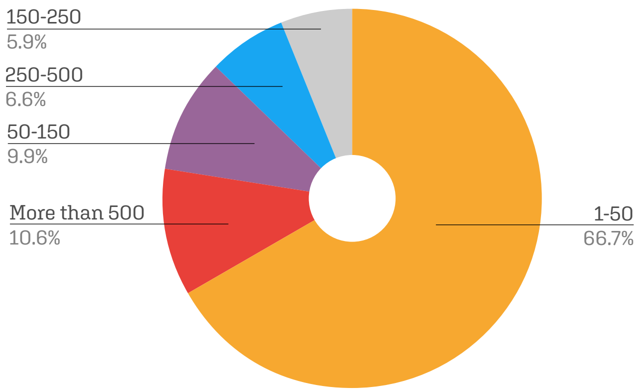


Fig. 2: How many people does your business employ on a full-time basis?



In contrast with previous years, a large proportion of the CEOs surveyed for this report led companies that had been in operation for more than five years. This was an important advantage in terms of gauging opinion on changing long-term challenges and opportunities in African trade. At the same time, securing the views of the 43.2% of respondents who lead companies that have operated for five years or less helps provide a real mix of commercial enterprises to offer a balanced outlook on market opportunities, constraints and policy recommendations in all parts of the continent.

Small and medium-sized enterprises (SMEs) accounted for a majority of the respondents, with 67% of the participating CEOs indicating that they employ 50 employees or fewer. Large corporations employing more than 500 employees accounted for just 10% of all respondents. This provides a fair reflection of the overall African business landscape, where SMEs account for 90% of all businesses. Many very small business owners lack any access to digital platforms and so are unlikely to have taken part in our survey.

Agriculture and agribusiness is still the dominant market sector

Fig. 3: Please select your sector of activity

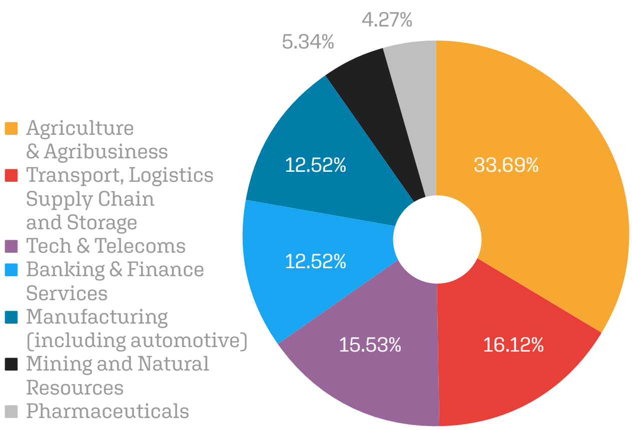
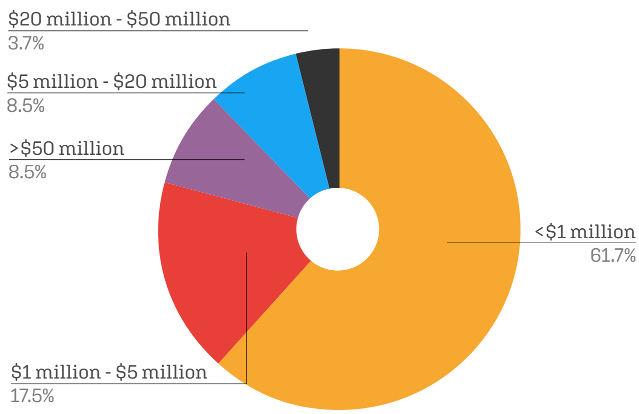


Fig. 4: What is your annual revenue?

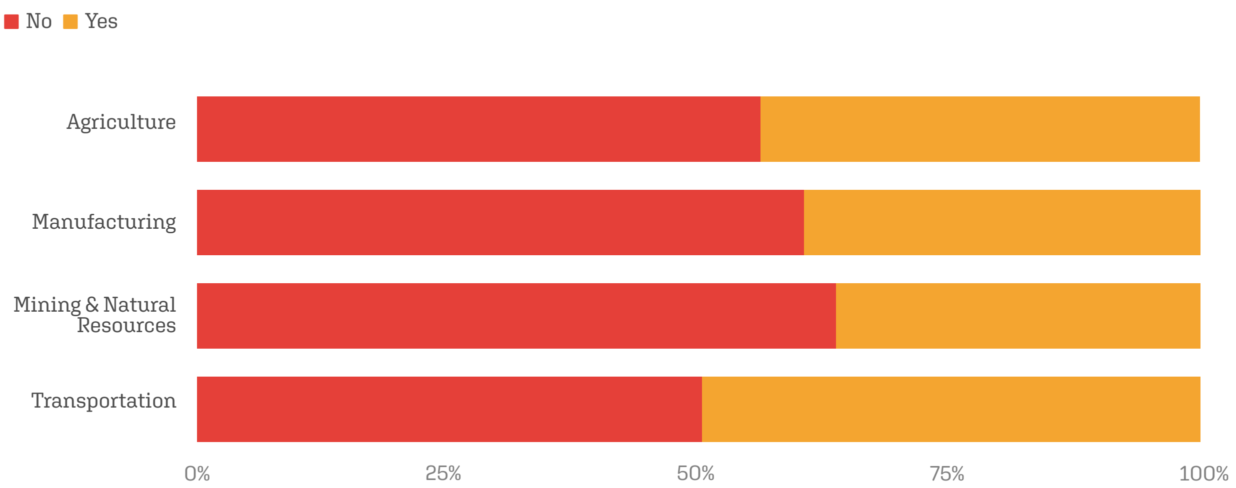


Agriculture and agribusiness continue to account for a disproportionate share (34%) of our respondents' main sectors, in line with previous years' surveys. This underlines its position as the most important sector on the continent by many metrics, not least its contribution to employment. It was followed by transport & logistics (16%), tech and telecoms (15.5%), and the banking and financial services sector (12.5%). While mining and other natural resource commodities account for more than 50% of export revenues in many African countries, this sector is dominated by a small number of very large corporations and so accounts for just over 5% of the participants in our survey.

Given that the majority of participants represent SMEs, it is no surprise that most (61.7%) have annual revenues of less than $1m, while corporations with annual income in excess of $50m accounted for just 8.5% of respondents. There are particular challenges in enabling SMEs to grow into larger businesses, not least in terms of securing access to finance.

A large proportion of businesses are located in Special Economic Zones

Fig. 5: Is your company located in a special economic zone/industrial cluster?



Special Economic Zones (SEZs) have been highlighted as one of the main potential catalysts for African economic diversification and they already appear to be attracting substantial investment. A large proportion of our survey participants already operate in SEZs, including 42% of those in agriculture, 37% in manufacturing and 33% in mining. Such zones offer tax concessions and other benefits often not available elsewhere locally and are designed to enable knowledge transfer between international companies and domestic partners. It is hoped that they can help drive industrialisation and diversification by keeping more of the benefits of raw material production within Africa. According to UNCTAD, there are now 237 SEZs in Africa but they have thus far generally failed to generate the same benefits as those in Southeast Asia in terms of FDI, employment and supply chain development.

Section 2
The Forecast

Renewed optimism despite economic headwinds

Introduction

Global trade volumes have recovered strongly since the pandemic, reaching a record $32tn in 2022, split between $25tn trade in goods, a 10% rise on 2021; and $7bn in services, a 15% increase, according to figures from the United Nations Conference on Trade and Development (UNCTAD). African exports rose 3% and imports 1% last year, although the fourth quarter saw a 3% decline in imports and a more modest 1% rise in exports.

Sub-Saharan Africa exported $446bn in 2021, according to World Bank figures, a big rise from $329bn in 2020, during the height of the pandemic. However, the region's export volumes are heavily swayed by fluctuations in commodity prices, so a greater emphasis on trade between African countries and boosting the proportion of manufactured and processed goods, as well as services, in the export mix would help to smooth out these variations.

Many African economies continue to rely on raw material exports, particularly to China, so China's economic outlook is particularly important. It is estimated that a single percentage point increase in Chinese domestic investment results in a 0.6 percentage point increase in sub-Saharan economic growth. China-Africa bilateral trade increased 11% last year to a record $282bn, comprising $164bn Chinese exports and $118bn African exports. As usual, African exports were dominated by oil, copper and cobalt but African agricultural exports are now growing strongly.

The economic outlook for Africa this year is relatively positive, with Afreximbank forecasting 4.1% GDP growth for the continent as a whole, although power shortages and unreliable logistics infrastructure will depress South African growth to just 0.5%. It forecasts that East Africa will be the fastest growing region in 2023 at 5%, with Rwanda achieving 6.7%.

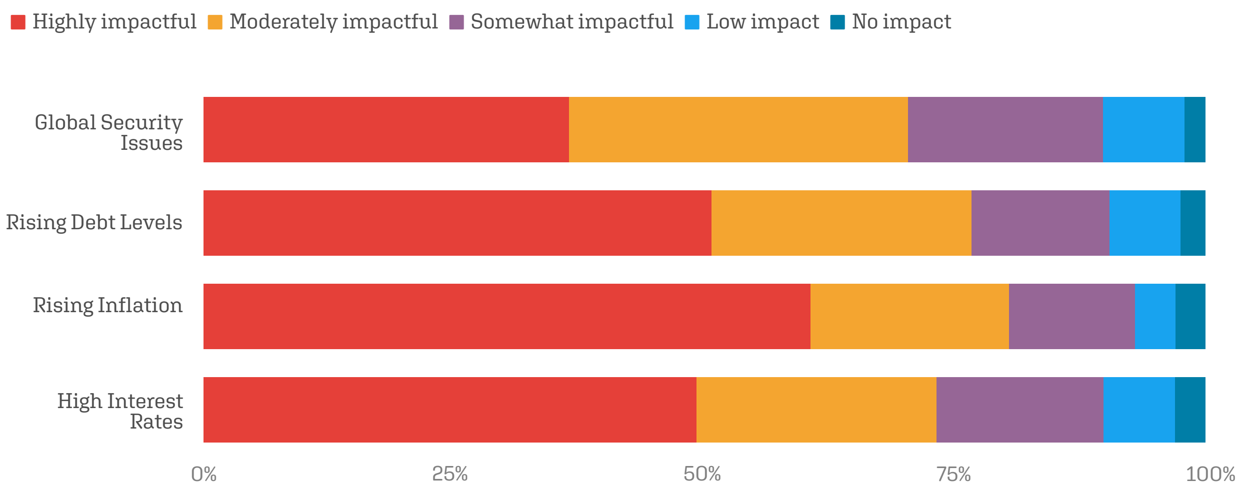
UNCTAD calculates Africa's current untapped export potential at $21.9bn, equivalent to 43% of intra-African exports, but believes $9.2bn of this can be tapped through partial tariff liberalisation under the AfCFTA over the next five years. Fully unlocking this potential will require substantial progress on eroding tariffs and non-tariff barriers, infrastructural improvements and improved access to market information.

The growing focus on the AfCFTA and African solutions to African economic and trade problems is to be welcomed but all parts of the world are always heavily affected by global economic trends. The past three years have provided more challenges than usual in the form of the Covid-19 pandemic, lockdown measures and associated lingering supply chain dislocation. Coupled with the Russian invasion of Ukraine, these factors have driven up the price of key commodities, including oil and wheat, with interest rate rises the main tool deployed to tackle inflation.

All this has eroded the financial muscle of African governments but further highlights how important it is to increase the proportion of intra-African trade in the continent's trade mix. Reducing reliance on external trade will build more robust African economies that can deliver much-needed improvements in living standards.

Rising inflation is likely to have the most significant impact on Africa's economy

Fig. 6: Which factors will have the most significant impact on Africa's economy in 2023?

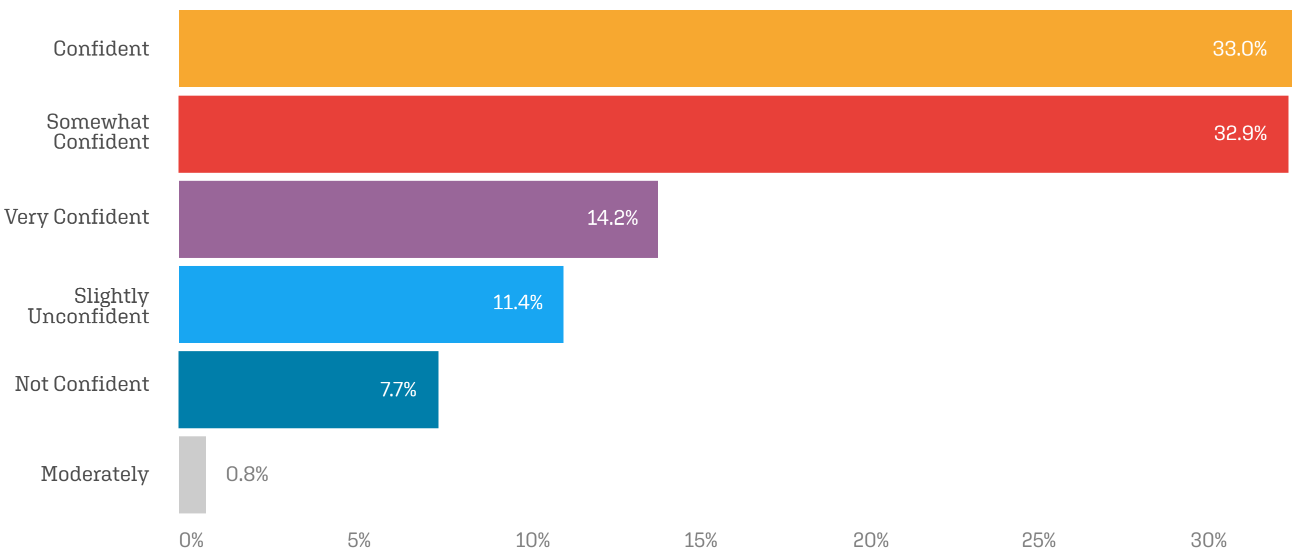


Perhaps surprisingly, global security issues, including the Russian invasion of Ukraine and Islamist terrorism, are regarded as having less of an impact on African economies this year than rising debt levels, inflation and high interest rates. A majority of respondents (60.5%) feel that rising inflation rates will have a high impact on Africa's economy in 2023, ahead of rising debt levels (50%) and high interest rates (49%). All three factors have affected the continent's economies since last year.

Inflation in major economies, such as Ghana, Egypt, Nigeria and Kenya, remains elevated, ending the first half of 2023 at 42.5%, 36.8%, 22.8% and 7.9% respectively. Moreover, Africa's debt-to-GDP ratio has doubled over the past ten years, according to the IMF, resulting in a subdued macroeconomic environment, exacerbating investors' concerns. Climate change and associated natural disasters are regarded as less of a threat to the continent's economies this year, while concerns over the impact of Covid-19 have also abated.

Still, a majority of the respondents remain optimistic about the continent's economic outlook

Fig. 7: How confident are you about Africa's economic outlook for 2023?



Despite the headwinds generated by high inflation, debt levels and interest rates, 80.1% of survey participants said that they were confident about Africa's economic outlook for this year, albeit only 14.2% described themselves as very confident. These figures are roughly on a par with last year's results, suggesting general optimism over the continent's economic prospects. This feeling is backed by actual results, with Senegal, Democratic Republic of Congo, Côte d'Ivoire and Rwanda all currently ranked among the ten fastest growing economies in the world, with an annual GDP growth rate in excess of 6%.

Section 3
Building Blocks

AfCFTA and the journey so far

Introduction

The fragmentation of Africa into 50-odd different markets, many of them very small in economic terms, is widely recognised as being one of the main causes of constrained trade volumes across the continent. Although informal trade is partly to blame, intra-continental trade volumes were put at just 17% of total African trade in 2020, in comparison with 58% for Asia, for example.

Much of the blame has to be laid at the foot of the colonial era partition and development of African economies, with trade and transport infrastructure shaped to ship raw materials out of African colonies and on to European markets. As a result, roads and railways at independence often failed to connect neighbouring states, while the new governments introduced high trade duties in an effort to protect their nascent industries.

These fragmented economic and trade patterns stymied the development of cross-border supply chains and left the continent largely dependent on exporting raw commodities and importing processed and manufactured goods. However, African governments sought to build on the piecemeal progress made on eroding those barriers by launching the African Continental Free Trade Area (AfCFTA) at the start of 2021. At present, the combined GDP of the new zone is just $3.6tn, about the same as that of Germany, but its potential is enormous.

However, it must be recognised that the implementation of the AfCFTA is a process, not a single event. Its launch was the beginning, not the end, of making it a reality. It is now up to the governments and administrators involved to undertake what will be decades of detailed, painstaking work in eroding duties and non-tariff barriers to enable much greater volumes of cross-border trade. It will not be easy, as governments and corporations will seek to guard their established position but diplomacy and the desire to find solutions can make Africa far more economically self-reliant. Once the benefits begin to feed through, the process may pick up speed.

Yet this process is not one for the politicians and civil servants alone. It is vital that those companies that can make use of the new trade zone can give their input and are well informed about the process. As our questions on the subject below indicate, African companies feel that there is a distinct lack of information on the AfCFTA available to them and very few have participated in any consultations on the process. It is a new initiative, so there is time for these results to improve and it will be interesting to see the results of our surveys on this subject in future years. Overall, however, the lion's share of survey participants are optimistic about the zone's potential, even if they are concerned about the impact of increased competition.

The AfCFTA implementation roadmap has included key policy interventions

Fig. 8: AfCFTA major event highlights

2021

- January — **Trading** officially commences under the AfCFTA
- March — **Operationalisation** of the African Virtual Trade Diplomacy platform
- September — AfCFTA **signs** MoU with Trademark East Africa
- October — **Establishment** of the AfCFTA Dispute Settlement Body

2022

- January — **Launch** of the Pan-African Payment and Settlement System
- February — **Inauguration** of the Trade and Industrial Development Council
- April — UK **commits** £35bn to the AfCFTA Support Programme
- July — **Announcement** of the Guided Trade Initiative Launch of the AfCFTA Digital Hub

2023

- February — **Announcement** of the draft Protocol for Digital Trade
- March — **Launch** of the AfCFTA adjustment fund in Rwanda
- April — **Convening** of the inaugural AfCFTA Business Forum

Both policy interventions and implementation initiatives have involved limited private sector participation in the AfCFTA to date

Fig. 9: Has your company participated in any consultations or negotiations on the AfCFTA and/or the AfCFTA national implementation strategy?

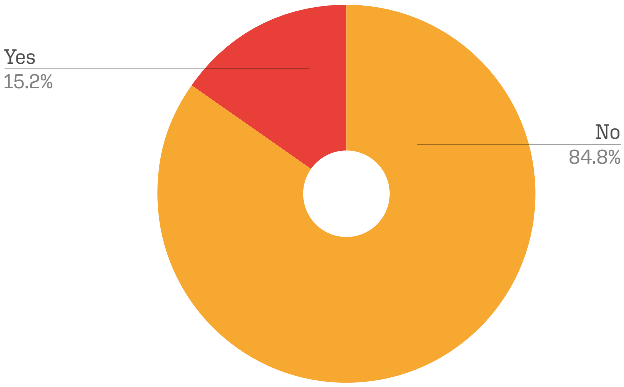
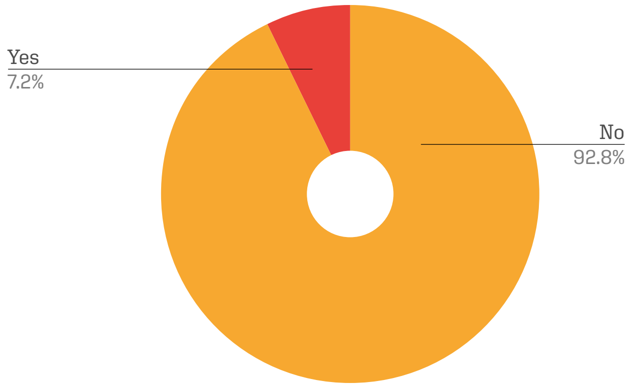


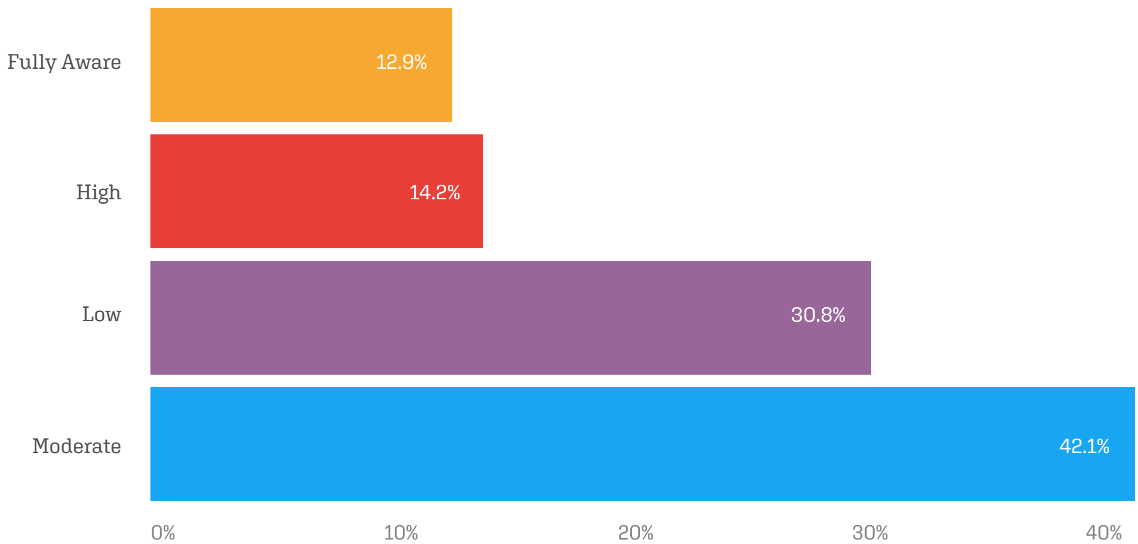
Fig. 10: Is your company receiving any support regarding the implementation of the AfCFTA?



A large majority of the respondents (84.8%) indicated that their company has not participated in any consultations or negotiations on AfCFTA, including the AfCFTA national implementation strategy. An even larger majority (92.8%) also admitted that their firm has not yet received any support regarding the implementation of the free trade area. It is to be hoped that there will be greater support for private sector participants over the next few years and also that there will be more consultation with them on the details of the free trade area's implementation. It is only three years since the AfCFTA was created and most effort to date has focused on the creation of trade protocols, such as the protocol on digital trade, operationalising instruments, and enacting key policies, such as the Guided Trade Initiative.

As a result, the majority of respondents have moderate to low awareness of the AfCFTA

Fig. 11: What is your level of awareness of the African Continental Free Trade Area (AfCFTA)?



Most worryingly, 72.9% of respondents have low to moderate levels of awareness of the AfCFTA, a problem that has persisted since the creation of the free trade area. In 2022, for example, more than 60% of survey participants indicated that they did not know where and how to access AfCFTA-related information. If potential exporters and importers have limited awareness of the zone's benefits then they are unlikely to make full use of it. However, the AfCFTA Secretariat has responded by organising events such as the inaugural 2023 African Continental Free Trade Area Business Forum that aims to create awareness of the agreement's business and investment opportunities.

Low awareness has been driven by limited access to information

Fig. 12: To what extent does your company have access to AfCFTA-related information for business purposes?

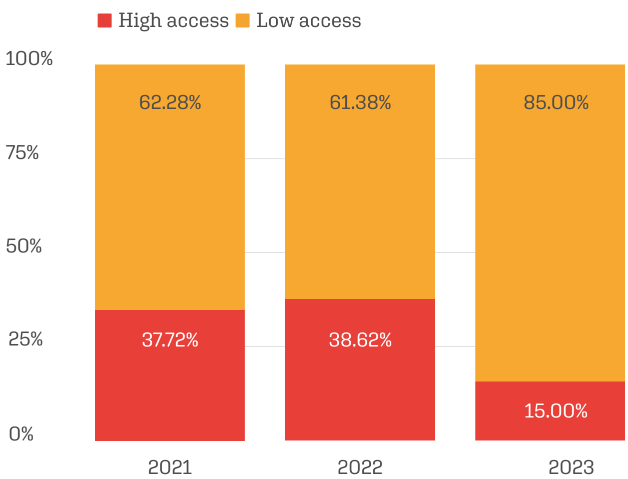
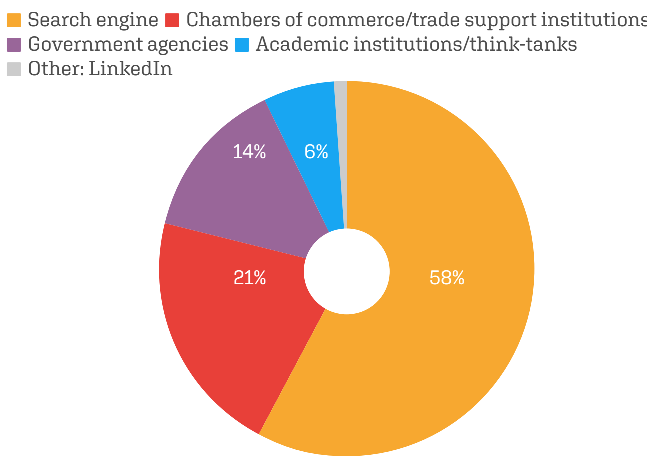


Fig. 13: How do you access AfCFTA-related information?

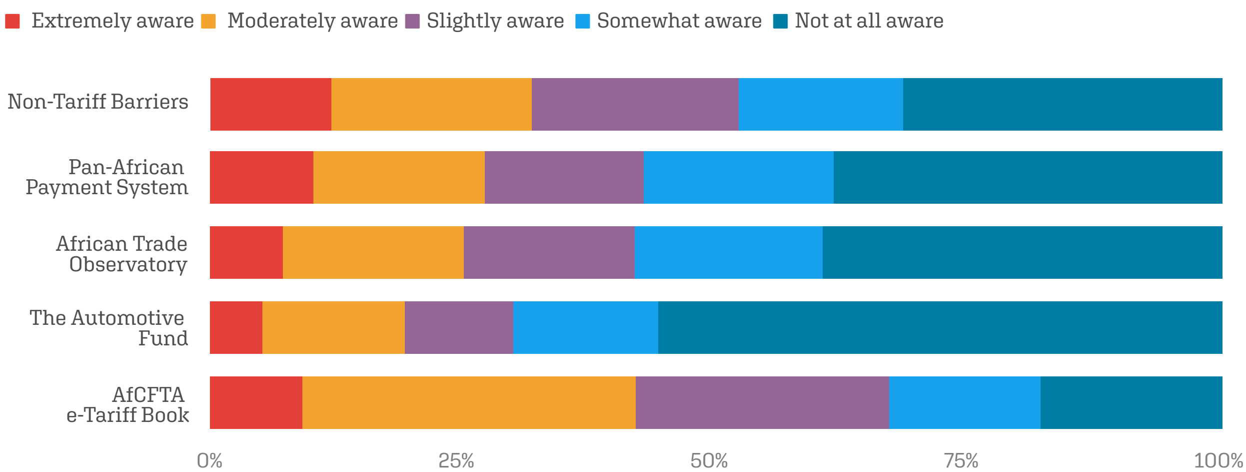


While there has been a deliberate effort to build awareness about the AfCFTA, access to information remains a big challenge. Over 80% of respondents indicated that they have low access to AfCFTA-related information, a big increase even on the figures recorded in our 2021 and 2022 surveys. A total of 58% of respondents indicated that they relied on search engines to find information, with relatively few utilising chambers of commerce, trade support institutions or government agency platforms.

The AfCFTA digital hub, which was launched in 2022, aims to provide a first-stop portal for all private and public sector engagement with the free trade zone by acting as a guide towards trading in the free trade area. It will be interesting to discover whether it has had an impact by the time of our next survey.

As a result, most respondents are not aware of the operational instruments of the AfCFTA

Fig. 14: How aware are you of the following operational instruments that support the AfCFTA?

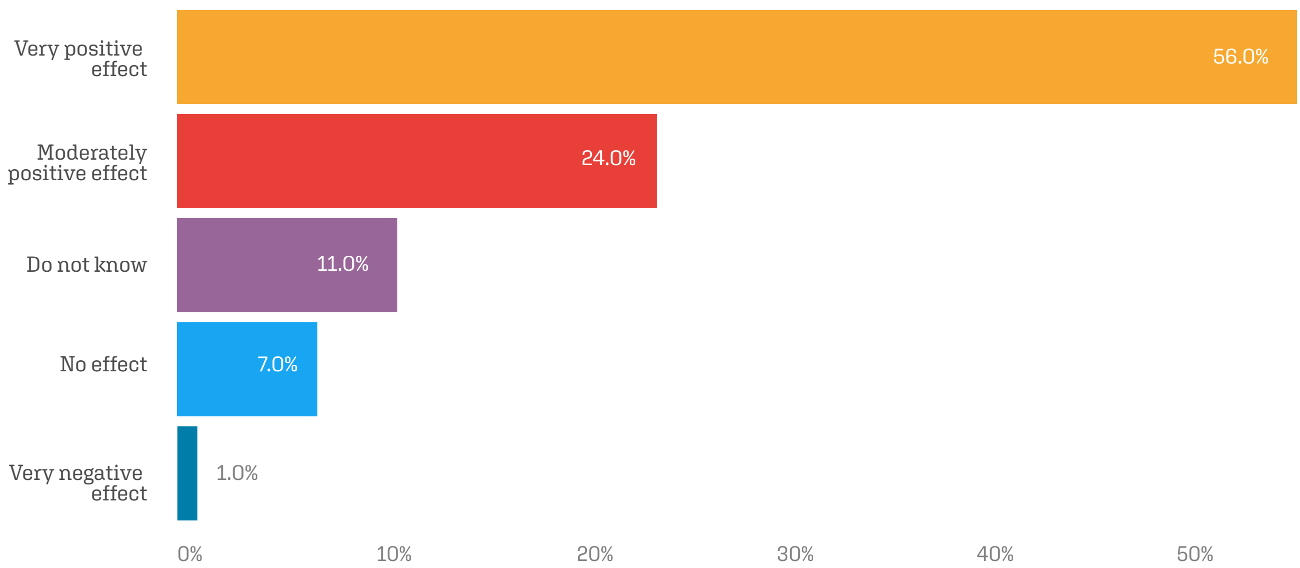


Given limited access to information on the AfCFTA it is not surprising that a large proportion of the CEOs surveyed for this report were unaware of its key operational instruments. There was least awareness of the Automotive Fund (57%), although this is probably only of interest to those working in and around the automotive industry, but it is the fact that 39% had not heard about the Pan-African Payment and Settlement System (PAPSS) that stands out, given the potential benefits of the system to cross-border trade. Afreximbank acts as the main settlement agent for the PAPSS, providing settlement guarantees and working with regional organisations, such as the West African Monetary Institute, to promote its use. It is hoped that the 500-600 banks operating in Africa will all eventually make use of the system.

There was most awareness of the AfCFTA e-Tariff Book, perhaps as a result of the awareness campaign surrounding its launch. This suggests that educational and awareness campaigns can have a real impact and could be considered in relation to the other AfCFTA operational instruments. Overall, there is no doubt that limited knowledge of the AfCFTA's instruments poses a direct threat to achieving the association's hoped-for benefits.

Still, respondents are optimistic about the positive effects of AfCFTA on their businesses

Fig. 15: How do you expect the AfCFTA to affect your business?



A total of 80% of respondents are optimistic that the AfCFTA will have a positive effect on their business, including 56% who expect a very positive effect. This is underpinned by the AfCFTA's commitment to ease access to markets and foster trade and economic growth. Following its implementation, trade facilitation measures are expected to boost Africa's income by $450bn by 2035 and increase Africa's exports by $560bn, with a core focus on manufacturing. The World Bank calculates that if the free trade area is fully implemented, incomes could be 9% higher and that 50m people could be lifted out of extreme poverty by 2035.

A majority believe that the AfCFTA can be of strategic benefit to their businesses, if the relevant support is provided

Fig. 16: What support does your company need to strategically benefit from the AfCFTA?

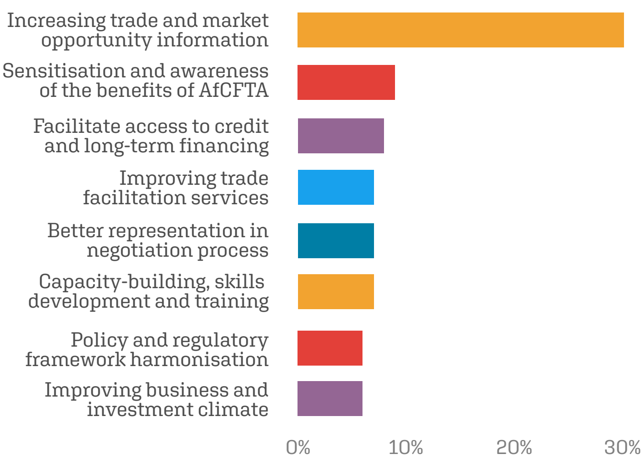
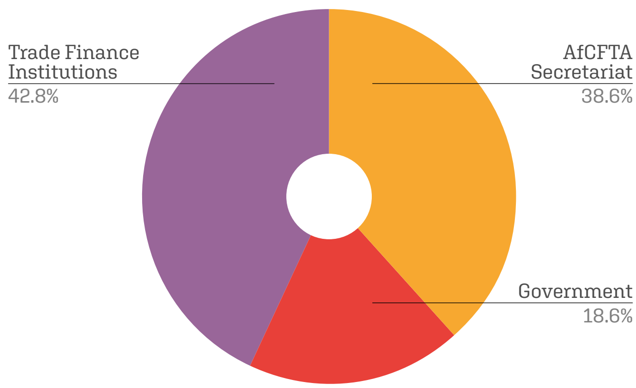


Fig. 17: Which entities should be providing such support to your company?



More information on growing trade and market opportunities is regarded as by far the most important form of support companies need to benefit from the AfCFTA. Greater access to credit and an improved trading landscape through a focus on training, investments and regulations are all regarded as being beneficial but none come close to the information deficit in terms of perceived benefit.

African CEOs expect both the AfCFTA Secretariat and trade finance institutions to provide them with this support rather than national governments. This highlights the importance of institutions such as the African Development Bank (AfDB) and Afreximbank in the implementation of the free trade agreement. Both organisations have been at the forefront of making the zone a reality, through the launch of mechanisms such as the AfDB's Transaction Guarantee Instrument in 2021, which aims to enhance access to finance for SMEs.

While the prospect of new markets is promising, respondents are concerned about the resulting competition

Fig. 18: It is believed that the AfCFTA comes with enormous opportunities for the private sector. What are the envisaged opportunities for your company?

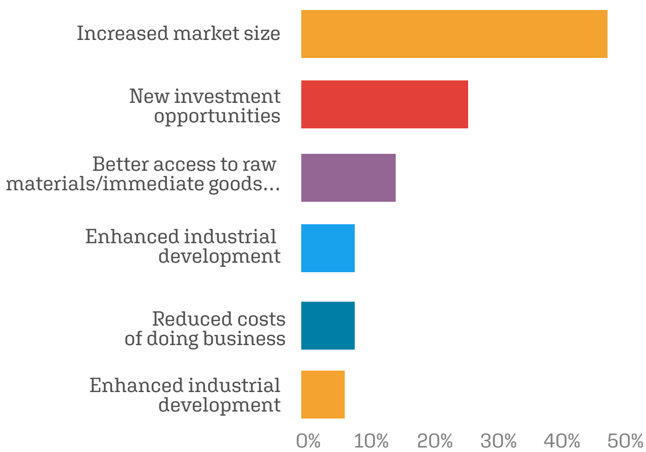
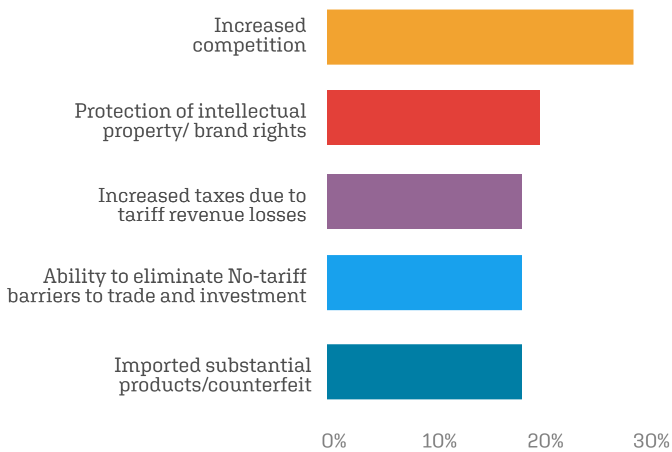


Fig. 19: What do you see as the biggest threat that AfCFTA may bring to your business?



The main perceived benefits of the AfCFTA on business prospects are increased market size, the potential for new investments and better access to raw materials. However, the eroding of both tariff and non-tariff barriers is also regarded as the biggest threat that the AfCFTA could pose because of the increased competition it could bring, as cited by 27% of respondents.

This mirrors the development of successful free trade areas in other parts of the world, such as the European Union, where the creation of a more unified market provides an overall benefit by driving down prices for consumers through increased competition. There will always be winners and losers but hopefully an overall benefit for Africa. This concern ranked higher than other threats, such as increased taxes due to tariff revenue losses, the impact of which could be eased through the launch of the AfCFTA Adjustment Fund. The fund aims to mitigate the impact of tariff revenue losses by compensating state parties.

Section 4
Trading Dynamics

The evolving landscape of import and export trade

Introduction

Africa's 55 national economies currently trade far more with Asia and Europe than they do with each other. China is the main destination for mining commodities and European markets take most African food exports, in the form of fruit, vegetables, coffee and cocoa in particular. African countries import lower cost manufactured goods from East Asia and higher value consumer goods from Europe and increasingly also Asia. This simplified trade picture locates most of the higher value parts of the value chain in Europe and Asia, meaning that the African continent misses out on massive benefits in the form of employment and economic activity.

This pattern is however not fixed. It lies within the power of African governments and companies to build more economic and trade ties between their various countries. They have already diversified their pool of extra-African trading partners and trade volumes with Turkey, the Gulf states, Brazil and Singapore, for instance, are all increasing. Now they are looking to build supply chains across African borders.

Part of the challenge lies in building infrastructure, in the form of cross-border highways and railways, as well as new special economic zones. Reducing intra-African duties and non-tariff trade barriers, such as regulatory requirements, is another key factor. Yet part of the problem is also psychological. Many African exporters simply do not think of neighbouring states as attractive markets. This is a hurdle that will take years to erode but the more goods and services flow across the continent's political boundaries, the more attitudes will change.

It is widely recognised that the South African economy has been in the doldrums for many years. Economic growth has been anaemic, corruption has eroded trust in public entities and decaying power and transport infrastructure has been a major brake on growth and creating new employment. South Africa is also located at one end of a huge continent and so does not have the array of potential markets on its doorstep that some of its competitors benefit from.

Yet the fact that South Africa is still sub-Saharan Africa's biggest national exporter by a huge margin highlights the limited export capacity of other African states with bigger populations. The country exported a diverse range of goods and services worth $130bn in 2021. It was followed by Nigeria ($47bn), Angola ($29bn), Ghana ($23bn), Democratic Republic of Congo (DR Congo) ($22bn), Côte d'Ivoire ($16bn), Kenya ($11bn), Zambia ($11bn), Gabon ($11bn) and Guinea ($10bn).

South Africa is a huge mining commodity exporter but this is not its only strength. Overall, this list of sub-Saharan Africa's biggest exporters is dominated by commodity producers, with Nigeria, Angola and Gabon reliant on oil, and DR Congo, Zambia and Guinea on mining commodities such as copper and bauxite. The fact that big countries with huge populations, such as Ethiopia and Tanzania, fail to export as much as $10bn worth of goods and services a year shows how far the continent has to go in trading terms.

Export trade remains low, with limited external market information emerging as the key constraint

Fig. 20: Have you exported before?

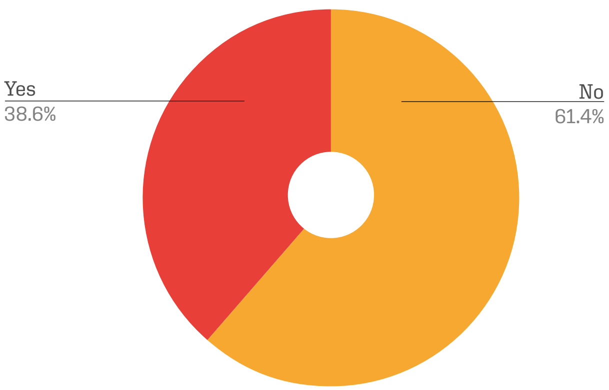
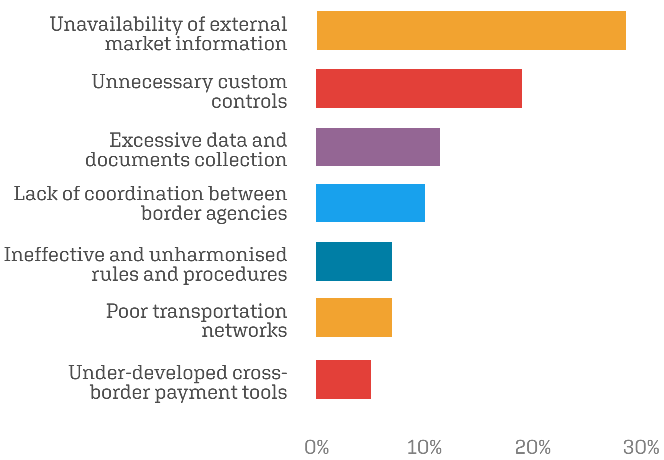


Fig. 21: What key constraints have prevented you from exporting to other African countries?



The proportion of active exporters among the participants in our survey was low at 38.6%. Some may not have operations that would be well suited to cross-border trade but it is likely that many would like to target other markets if they were able to do so. Again, the lack of information comes to the fore, with the lack of access to external market information cited by 28% as the biggest constraint to exporting to other African countries – up from 18% in our 2022 report.

The next two biggest obstacles could both come under the category of red tape in the form of unnecessary customs controls and excessive data and document requirements. The latter two challenges are precisely the type of constraints that the AfCFTA is designed to overcome. Interestingly, poor transport networks are regarded as less of a challenge than the lack of coordination between border agencies, which would be a far cheaper problem to surmount.

Final goods have overtaken services as the main form of export

Fig. 22: What does your company export?

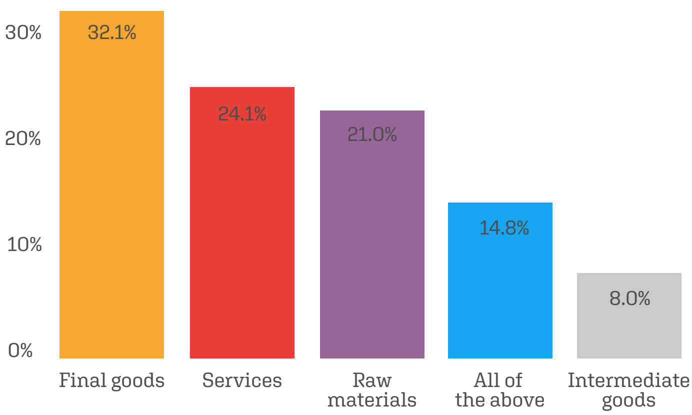
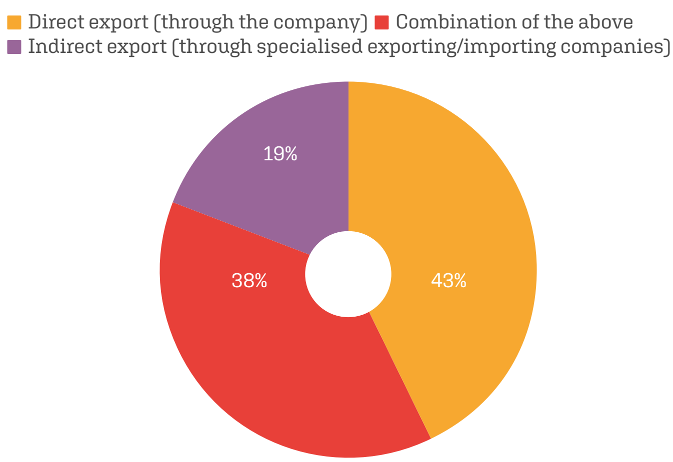


Fig. 23: What is the preferred mode of export?



In a departure from previous surveys, final goods were ranked as the main form of export by 32% of our respondents, while services were mentioned by just 24.1%, a big drop on the 55.9% recorded last year. This is unlikely to be because of a fall in the provision of services but may reflect a change in those taking part in the survey. However, more companies also appear to be becoming involved in manufacturing and value addition across the continent – a process that has long been desired but not previously achieved to any great degree.

The manufacturing sector's share of GDP in sub-Saharan Africa has grown from $143bn in 2010 to $230bn in 2022, not a big increase given rising costs and demographic growth over that period. However, the sector's relative stagnation should make it possible to see whether the implementation of the AfCFTA has a significant impact over the next few years.

Direct export is the main method of exporting goods to other African states for 43% of respondents, with only 19% preferring to use third party intermediaries, such as freight forwarders. This is likely to impede the growth of regional logistics companies that can navigate complexities across different borders and enhance market efficiency and growth. It seems likely that haulage networks will have to strengthen over the next few years if the AfCFTA is to become a success.

Similarly, final goods are the main form of import despite a decline in import trade

Fig. 24: Have you imported before?

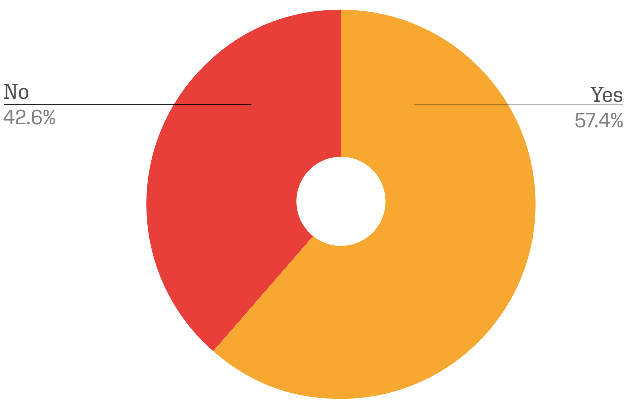
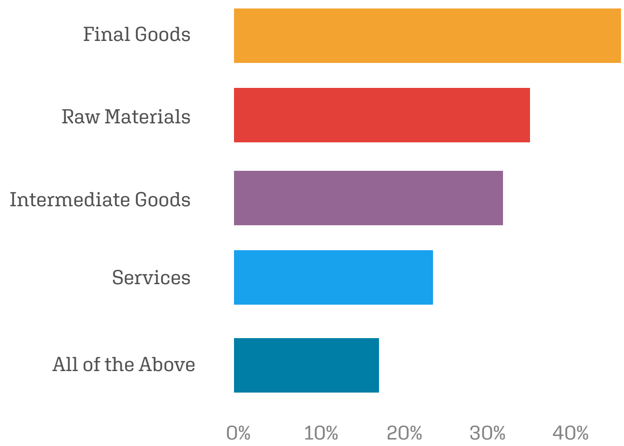


Fig. 25: What does your company import?



A total of 57% of respondents are involved in import trade, a higher rate than for exports, but this figure is considerably lower than the 2022 finding of 77%. This may reflect the continued rebalancing of logistics operations following the pandemic. Final goods are the main form of imports, cited by 44% of respondents, which could point to a deficit in domestic production, despite renewed efforts to promote domestic manufacturing and value addition.

Raw materials are the second most important category of imports, countering the popular belief that African raw materials are almost entirely exported to other parts of the world, rather than to other African markets. It is interesting that more companies export services than import them, suggesting that a large number of service suppliers are targeting a smaller number of service users.

East Africa is the most important trading region on the continent

Fig. 26: What are your most important African regional export markets?

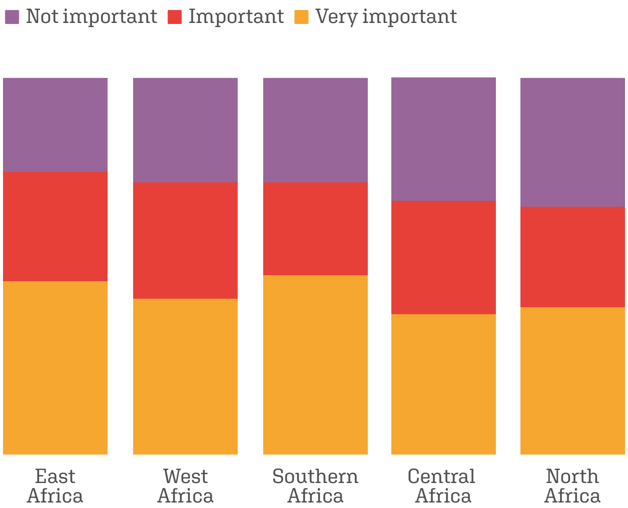
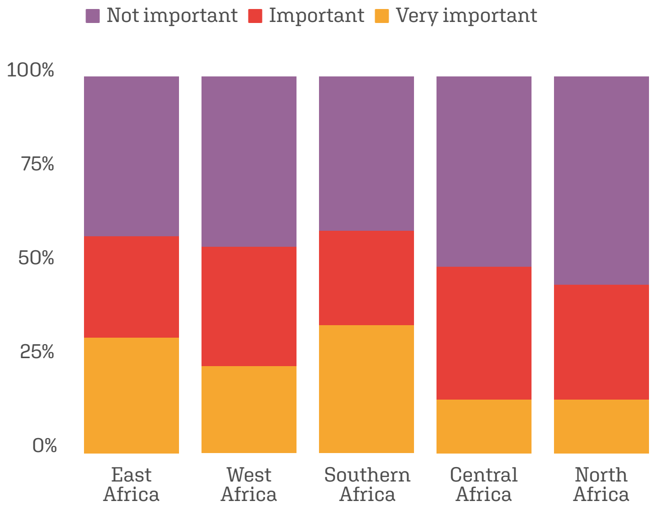


Fig. 27: What are your most important African regional import markets?



As expected, trade is not evenly spread across the continent. East Africa is named an important market by 72% of respondents in relation to exports and 58% with regard to imports. It is possible that the creation and deepening of the East African Community has had an impact here in terms of eroding trade barriers. While there is relatively little difference in the ranked importance of African regional export markets, there is far more variation in the importance of import markets. Given South Africa's high profile role as a centre for manufacturing and service provision, it is no surprise that Southern Africa is regarded as the continent's most important import market.

The fact that so few survey participants regard Central Africa as an important import market is not surprising given that the region relies so heavily on exporting oil, timber and mining commodities to the rest of the world rather than trading with other parts of Africa. Poor transport links between most of Central Africa and the rest of the continent also play a role. However, North Africa's position as an even less important import market is more surprising given the effort that Moroccan companies in particular have put into building connections with sub-Saharan Africa. Yet most have focused on West Africa and the results suggest that they have a long way to go to have an impact on more distant markets.

The Gulf is rising in importance for African trade but the Americas remain less relevant for the continent

Fig. 28: What are your most important global regional export markets?

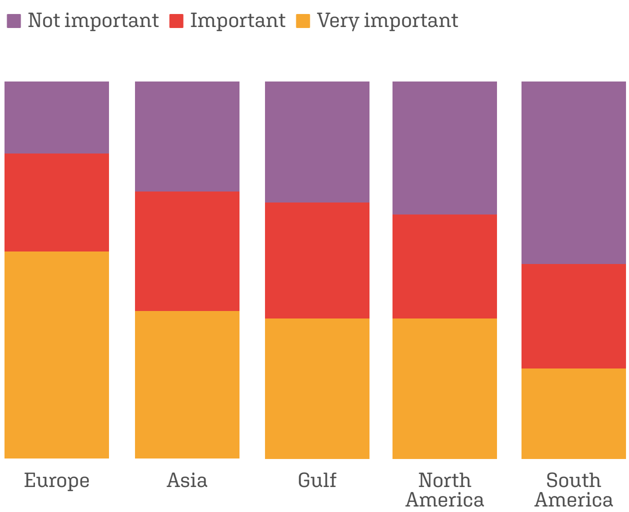
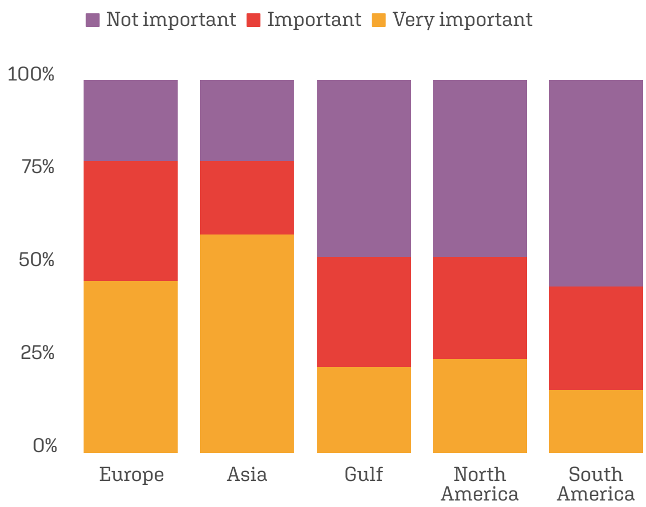


Fig. 29: What are your most important global regional import markets?

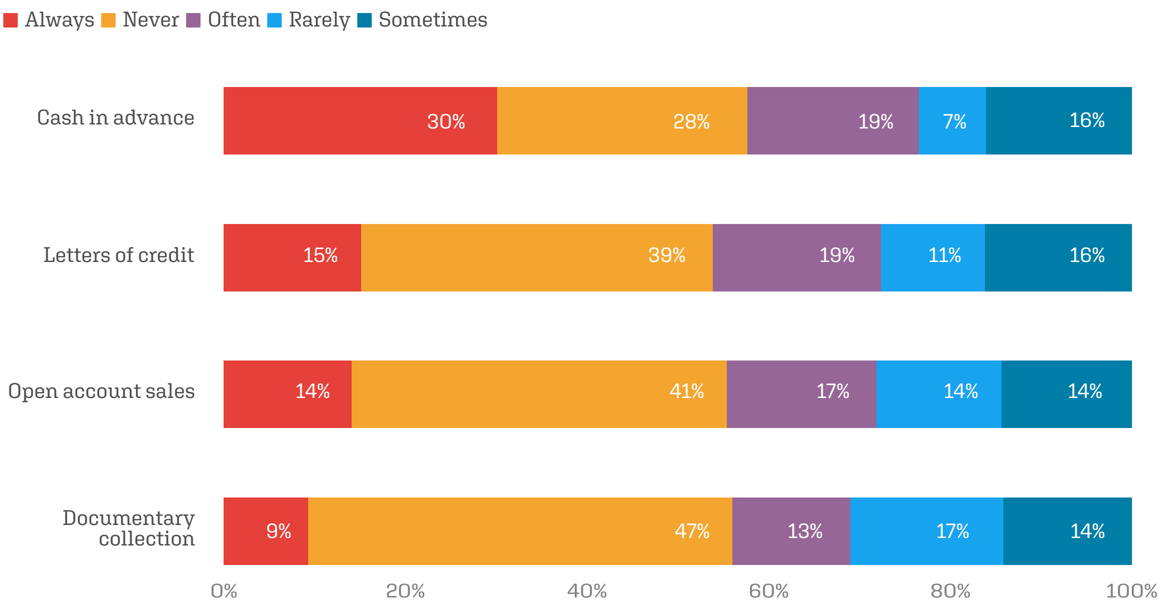


As might be expected, Europe emerged from our survey as the most important global regional export market, being listed as important by 80% of our respondents. Much of this is the result of historic economic ties with the former colonial powers. Again, as could have been predicted, Asia and Europe were the two most important regional import markets, with Chinese and other Asian manufacturers supplying many of the consumer goods available on the continent. While Asia sources much of its raw materials requirements from Africa, African companies have been far less successful in shipping processed or manufactured goods to the region.

Gulf states have made a great deal of headway in boosting trade with Africa, mainly as the result of government-directed trade promotion campaigns. Non-oil trade between the United Arab Emirates and Africa increased by more than 400% over the decade to 2022, to $80.5bn. Trade with North America is far more limited, with South America remaining Africa's least important regional trading partner. Angola has strong trade and investment ties with Brazil but otherwise trade between the two regions is limited, partly because they produce many of the same goods.

Cash in advance is the most frequently used mode of payment

Fig. 30: What forms of payment terms do you frequently use for your import/export transactions?



For both import and export transactions, cash in advance is the most frequently used form of payment for cross-border trade in Africa by some distance. It is closely followed by letters of credit and open account sales, with documentary collection the least used form of payment. This continues to reflect the lack of secure payment methods for cross-border trade – a challenge that the Pan-African Payment and Settlement System is intended to address. Such secure methods are needed to engender more confidence in contract terms.

Transportation by sea is the main mode of transport for imports and exports

Fig. 31: What mode of transportation do you frequently employ when exporting?

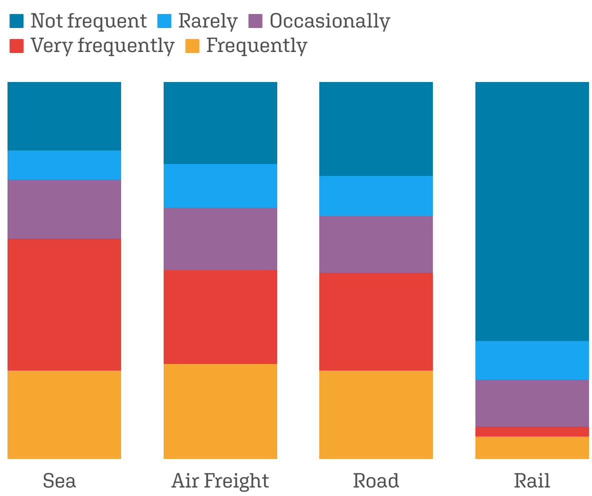
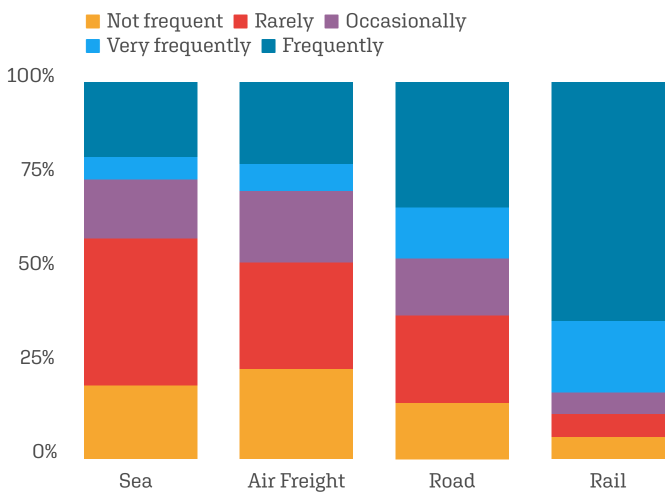


Fig. 32: What mode of transportation do you frequently employ when importing?



Sea and air freight are the most popular methods of transport for both import and export trade. This can be attributed to the dominance of international over intra-African trade across Africa, but also to the fact that heavy bulk items, such as oil, gas, coal, iron ore, copper and bauxite, dominate African exports. The port sector has been one of the biggest success stories in African infrastructural development in recent years, with more than $50bn invested over the past decade alone.

The biggest international operators, such as APM Terminals and DP World, have developed and continue to operate many of the continent's biggest deepwater container terminals, bringing the most modern operating methods and cargo handling equipment with them. However this level of investment has not been replicated with other types of transport infrastructure, such as railways and roads, resulting in high land transport costs and low reliability, particularly in the railway sector.


UASC
Hapag-Lloyd
BEACON

Section 5
Zoom In

A deep dive into major sectors and policy focus areas

Introduction

The final section of this report will start by looking at the main constraints on expansion in the agriculture, transport & logistics, pharmaceuticals, mining and manufacturing sectors. In particular, we asked CEOs of companies operating in each area what the AfCFTA should focus on to support growth. Each sector is of value in itself as an engine of economic activity and job creation but also plays a wider role in the continent's socio-economic life.

The mining and agriculture sectors are major engines of export capacity, while the latter is also obviously responsible for food security. The manufacturing and pharmaceutical industries have huge potential, including in import substitution, while the expansion of the pharmaceutical sector is vital in ensuring local supplies of medicines and other medical products.

Transport & logistics infrastructure is the basis for all forms of trade in goods across the continent but there is a big difference between the improving level of performance in the port sector and that in roads and railways. While international private sector port operators have greatly upgraded most of the continent's main ports in recent years, it has proved far more difficult to improve road and rail networks.

Our respondents identified difficulties securing finance as perhaps the biggest constraint on expanding their businesses. The lack of access to finance is a huge issue for companies operating in almost every sector in Africa. Traditional banks have a poor track record in supporting SMEs in particular, in part because of the costs of processing loan applications and difficulties in securing sufficient collateral. However, the rise of digital banking is beginning to revolutionise the process by allowing potential borrowers to submit identity information and apply for loans digitally, slashing costs for the lender involved and speeding up decision making.

Limited use of African currencies makes the long-term plan to introduce a pan-African currency particularly appealing. Introducing single currencies covering multiple jurisdictions is hugely challenging, but the European Union has shown that it is possible. Africa also has experience of single regional currencies in Central and francophone West Africa, so it is not an alien concept to the continent. It seems likely that other regional currencies will be introduced, such as in the East African Community, as a stepping stone to a continent-wide currency but it is a laudable long-term goal and would considerably simplify cross-border trade.

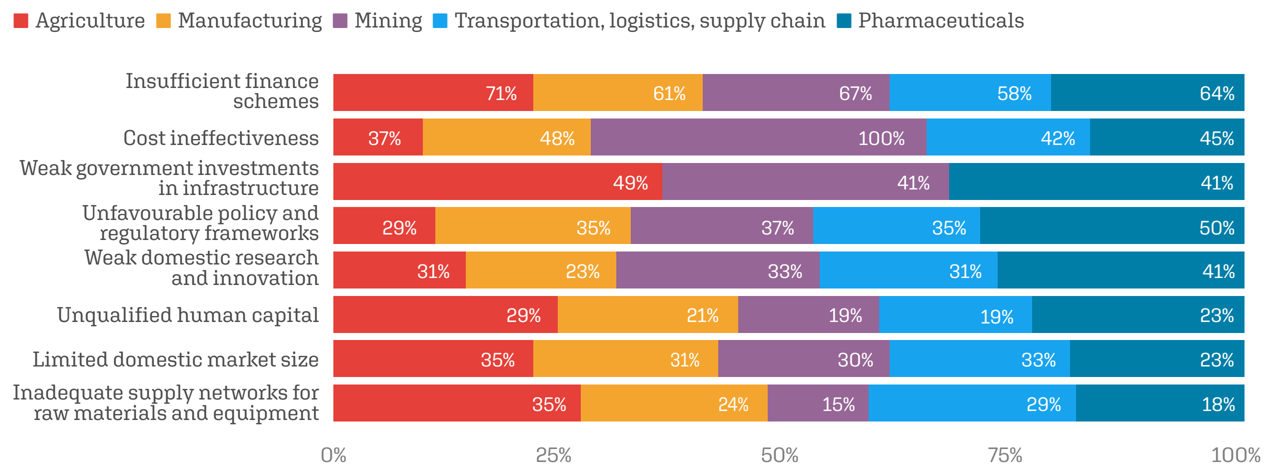
The digital world offers particular challenges for continent-wide regulation. Some would prefer not to see the introduction of pan-African rules but agreeing common regulations would create an even playing field for companies operating in the sector. The level of innovation among African tech start-ups is staggering, with the sector developing concepts that have been rolled out around the world. There will therefore be a fine line between fostering growth in the industry through sensible regulation and stifling entrepreneurial innovation.

Section 5.1
Value Addition

Key constraints and policy areas highlight the agriculture, transport, pharmaceuticals, mining and manufacturing sectors

Access to finance is the biggest constraint on business expansion in many different sectors

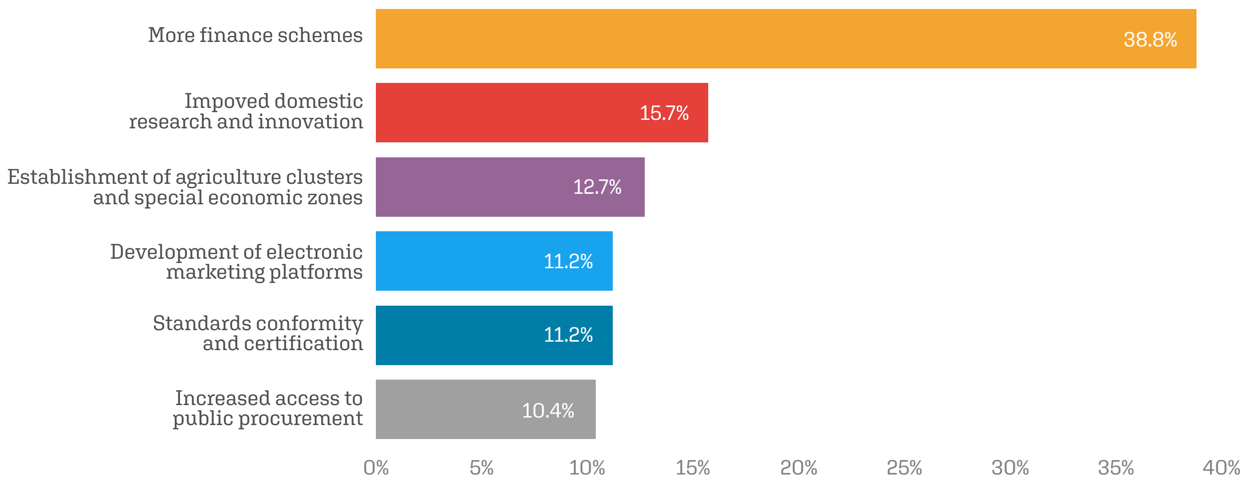
Fig. 33: What key constraints have prevented your company from expanding production?



A wide range of factors constrain companies from expanding production across the agricultural, transport, pharmaceuticals, manufacturing and mining sectors but there was an overall theme of challenges in adding value. Insufficient access to finance emerged as the biggest constraint across all industries, with a particular problem in the agriculture sector. Weak government investment in infrastructure seems to mainly impact the agriculture, mining and pharmaceutical industries, while low cost-effectiveness affected the operations of all mining sector respondents.

Financing, research and access to markets are agricultural sector focus areas

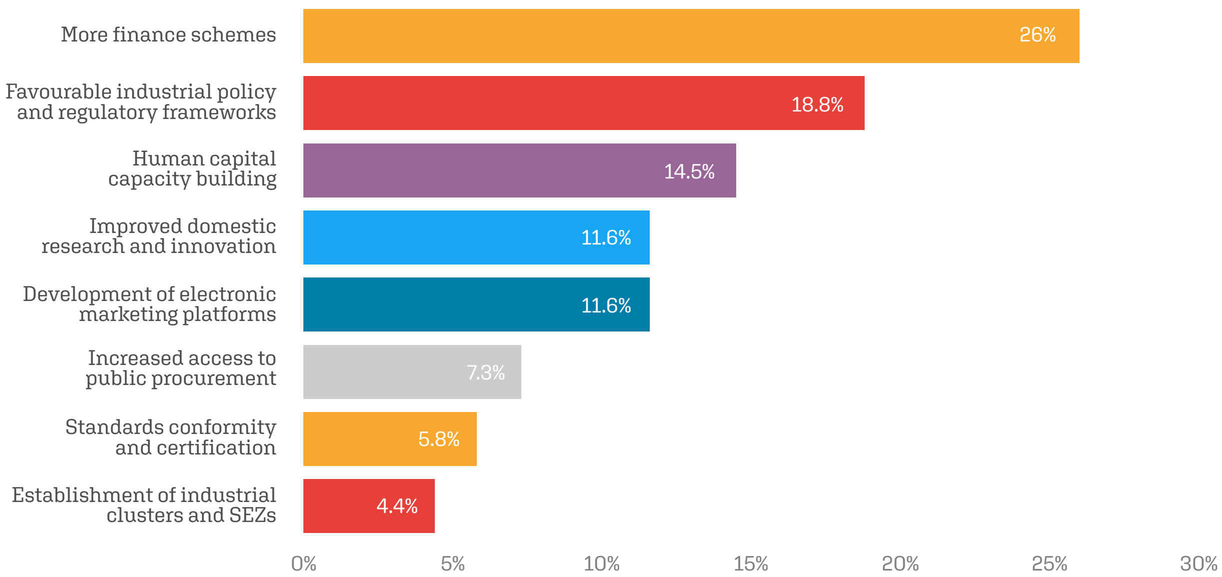
Fig. 34: What should be the AfCFTA's policy focus areas within the agriculture sector?



Building on the constraints identified by survey participants in agriculture, we sought to identify where the AfCFTA should focus its attentions in the sector. Improved access to financing came top of the list with 38.8% of responses, followed by improved domestic research and innovation, and the establishment of agriculture clusters and special economic zones (12.7%). It is very difficult for smallholders in particular to secure access to financing for agricultural inputs, such as seeds, tools and fertilisers, as well as machinery and irrigation investment. These priorities point to the continued need for support in building the entire value chain.

Regulatory frameworks and capacity building were the standout focus areas for the manufacturing sector

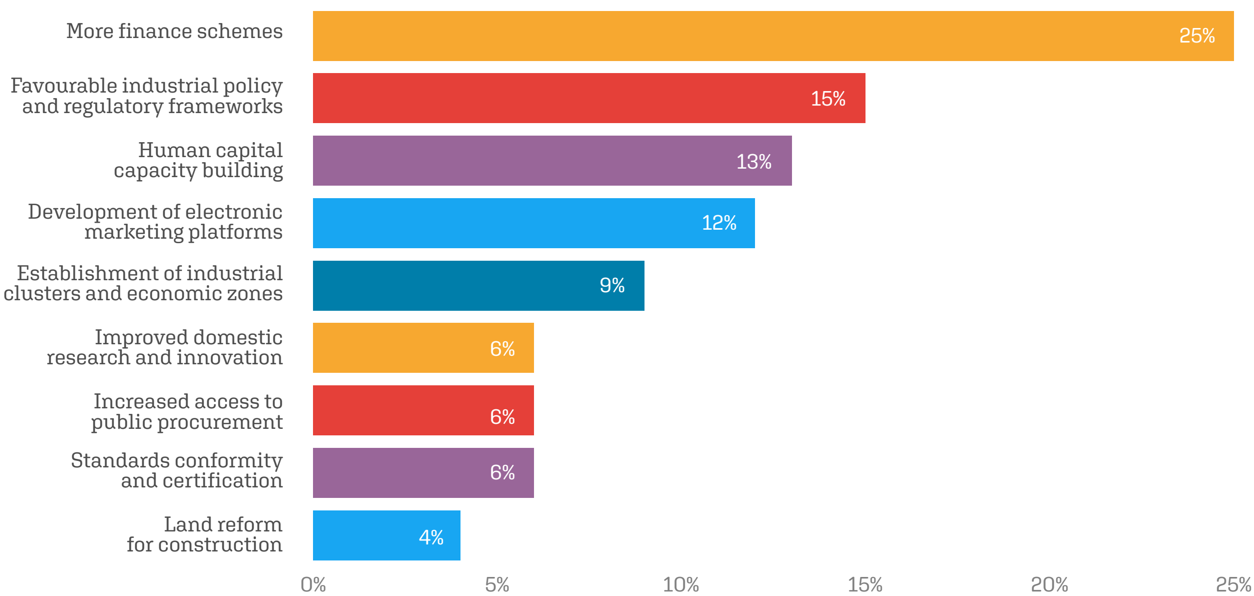
Fig. 35: What should be the AfCFTA's policy focus areas within the manufacturing and automotive sector?



In addition to financing, respondents highlighted favourable industrial policy, regulatory frameworks and human capacity building as the core policy focus areas for the manufacturing sector. Interestingly, standards conformity and certification ranked lowly, despite the risk of counterfeit production on the continent. The establishment of industrial clusters and special economic zones is expected to play a key role in the expansion of automotive production beyond the current main centres in South Africa, Morocco and a handful of smaller sites.

The need to create an enabling environment is the underlying theme in the transport & logistics sector

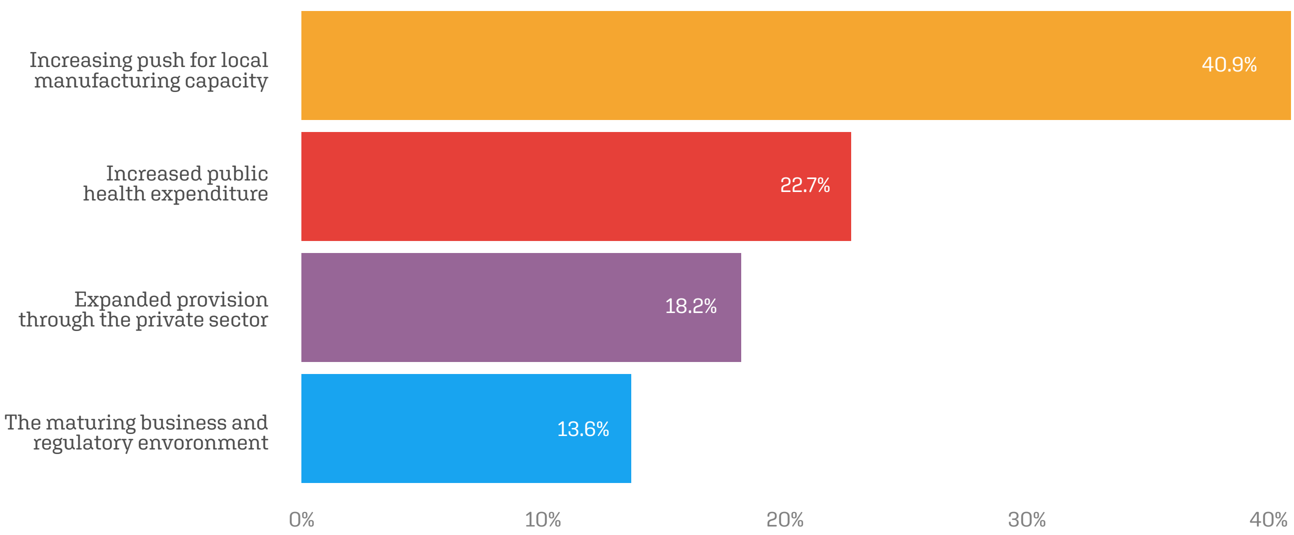
Fig. 36: What should be the AfCFTA's policy focus areas within the transport & logistics sector?



Respondents named a wide range of policy areas that the AfCFTA should focus on in the transport & logistics sector but none attracted more than a quarter of all responses. Improved access to finance, a favourable regulatory landscape, human capacity building and electronic marketing platforms were all identified as important areas for policy intervention, but the wide range of responses may be a result of the sector's success, at least with regard to the port sector. There is no obvious focus for public sector reform in many markets. Given problems securing land for new road and rail construction in some parts of the continent, land reform for construction surprisingly attracted the least interest amongst respondents. However, this could be due to the varying nature of determining land tenure across the continent, making it difficult to address through the AfCFTA.

Capacity building and financing are the key to unlocking the future of pharmaceuticals in Africa

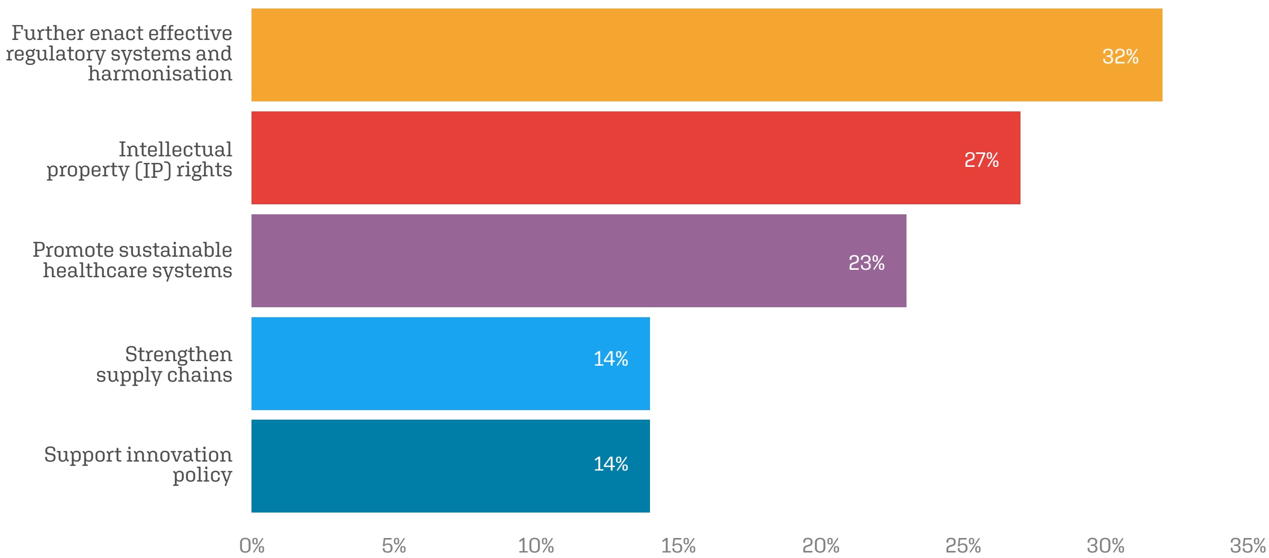
Fig. 37: Which of the four main factors will underpin the future growth of Africa's pharmaceutical market?



A high proportion of pharmaceutical sector respondents named increasing local manufacturing capacity as the lead factor in growing the African pharmaceutical market. More factories have been set up to produce medicines and other products but continued capacity growth would help to ensure supplies. The lack of local supplies was highlighted during the Covid-19 pandemic when overseas factories focused on supplying their own domestic markets or on clients able to pay the highest rates.

Capacity building and financing are the key to unlocking the future of pharmaceuticals in Africa

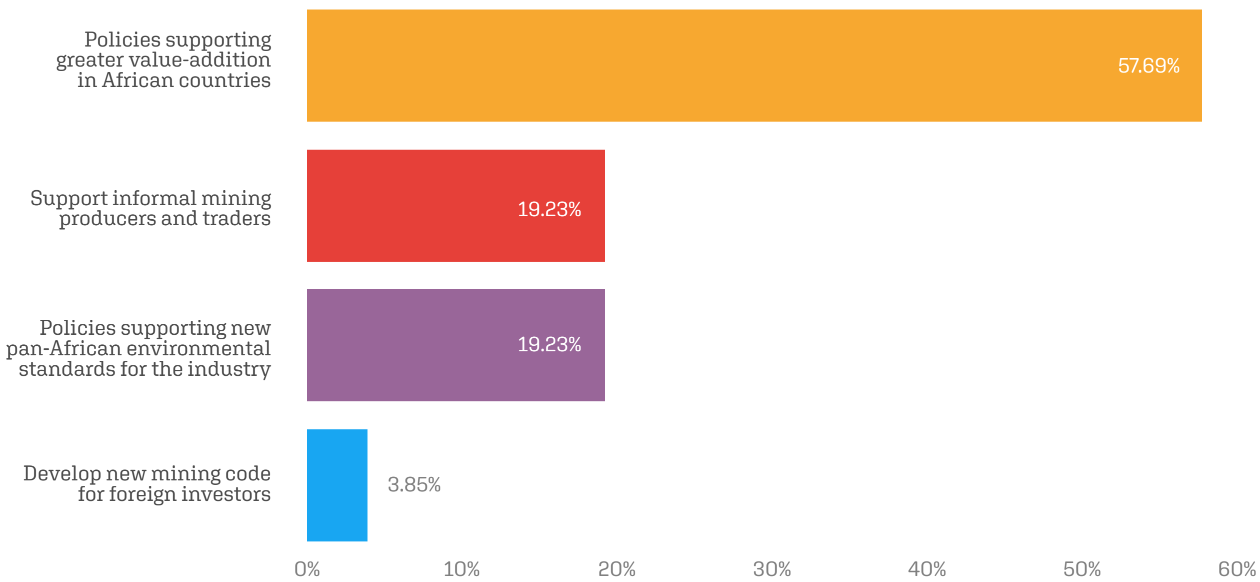
Fig. 38: What should be the AfCFTA's policy focus areas within the pharmaceutical industry?



Given ongoing challenges in enabling access to medical products across most of Africa and in ensuring that those products are genuine, it is unsurprising that the first two factors named by survey participants as AfCFTA priorities in the pharmaceutical industry relate to effective regulation, harmonisation and intellectual property. Healthcare provision is likely to remain the domain of national governments and private sector providers but cross-border harmonisation is an area where the AfCFTA could be particularly effective.

Adding value is the big policy concern in the mining sector

Fig. 39: What should be the AfCFTA's policy focus areas within the mining sector?



African coal, iron ore, bauxite, manganese and copper mining is overwhelmingly dominated by huge firms based either in other parts of the world or in South Africa. The continent therefore misses out on a large proportion of the sector's benefits, as commodities are mainly shipped in an unprocessed form. A massive 57% of respondents therefore named the introduction of policies designed to retain more stages of the value chain within the continent as the main policy concern for the AfCFTA.

This would create employment, industrial capacity and economic activity for the countries involved. Other key concerns highlighted were supporting informal mining producers and traders (19.2%), and the introduction of new pan-African environmental standards for the industry (19.2%). Survey participants were less concerned about developing a mining code for foreign investors, despite their dominant role in the sector.

Section 5.2
Cash is King

Policy areas and concerns impacting the banking and financial services sectors

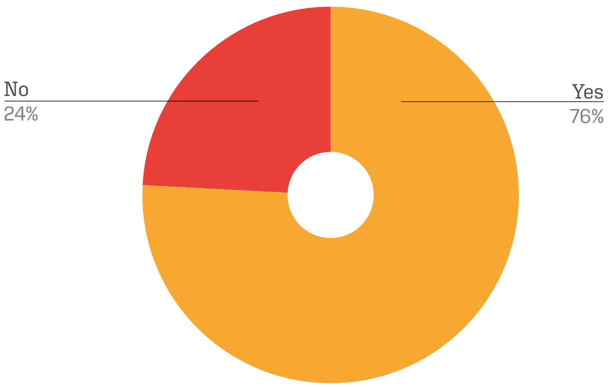
African currency use in trade financing falls

Fig. 40: Does your institution use African currencies for international trade financing at present?

The proportion of respondents using African currencies in international trade financing has fallen by 11% between our 2022 and 2023 surveys to 58%. Many may use both African and international currencies so this in no way suggests that local currencies are more popular in trade finance. The weak but fluctuating value of the South African rand makes that currency a less attractive option for non-South African companies, so our results make the AfCFTA plan to eventually introduce a single African currency more attractive.

PAPSS makes rapid headway with potential users

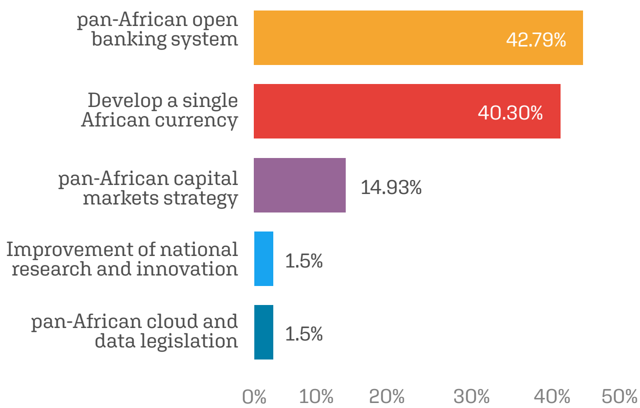
Fig. 41: Is your organisation familiar with and/or a member of PAPSS?



A large majority of banking and financial service sector respondents were familiar with the Pan-African Payment and Settlement System (PAPSS), although 39% of survey participants in other sectors indicated that they were not familiar with this. Designated as the African platform for processing, clearing and settling intra-African payments, it allows individuals, businesses and governments to make instant payments in more than 40 different African currencies, reducing the cost of trade and demand for US dollars and other hard currency. Yet while Europe's Single Euro Payments Area (SEPA), for instance, requires payments system providers to participate, PAPSS is currently based on voluntary participation.

High demand for open banking and a pan-African currency

Fig. 42: What should be the AfCFTA's focus areas within the banking and financial services sector?



The results of our question on what the AfCFTA should prioritise within the banking and financial services sector were very clear. Respondents want two things: a regional banking system to enable trade, and a single African currency. Both would help erode barriers to trade in all sectors, while the latter would reduce dependence on the US dollar, which is often in short supply, in particular. National self-interest may be the biggest obstacle to achieving both. Some companies also called for the creation of a pan-African capital markets strategy, although this was regarded as far less important overall.

Section 5.3
The Techverse

Policy areas and concerns impacting the telecoms and ICT sectors

The tech conundrum: harmonisation without over-regulation

Fig. 43: Should harmonisation of data regulation be a policy priority under the AfCFTA?

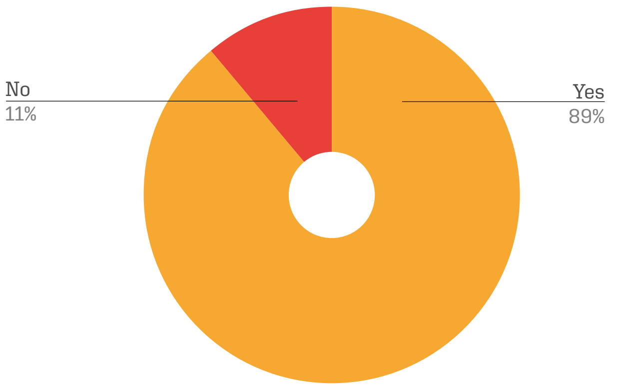
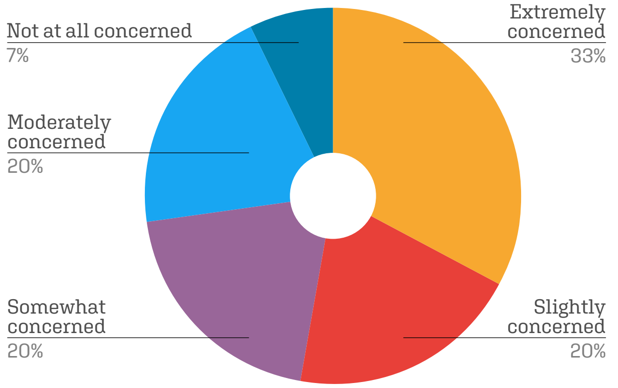


Fig. 44: How concerned are you that over-regulation in digital services will stifle competition in the telecoms and ICT sector?

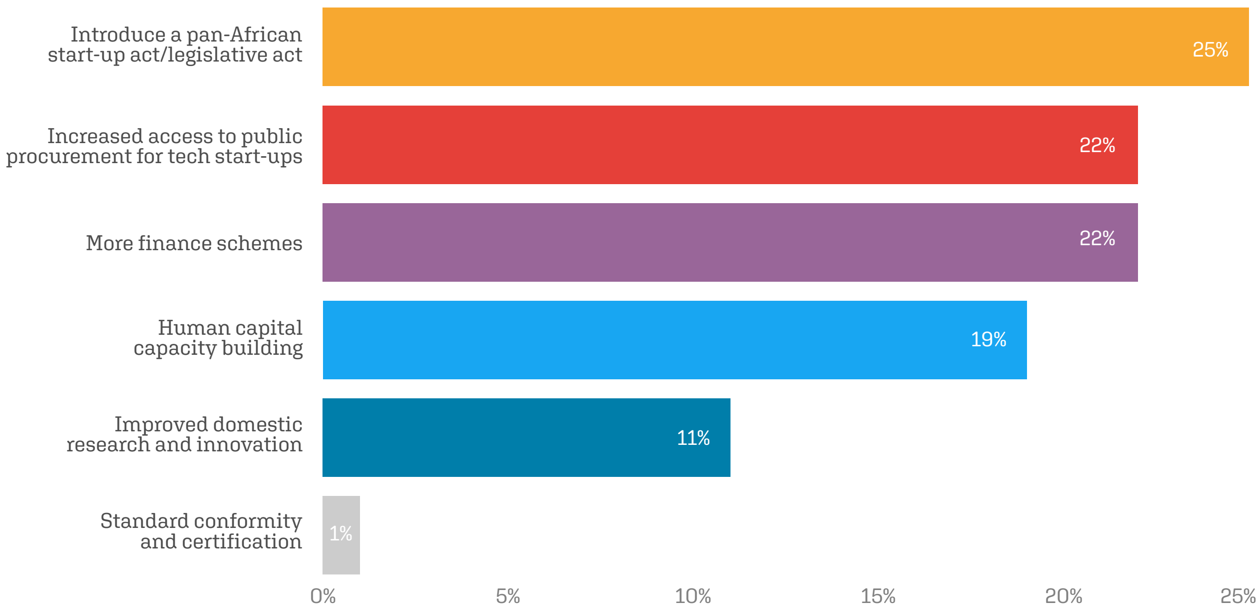


A big majority of respondents (89%) agree that harmonisation of data regulation should be a policy priority under the AfCFTA. This is a large increase from 2022 when 67% of respondents requested it. The African Union's Malabo Convention on Cyber Security and Personal Data Protection entered into force in June 2023, nearly a decade after it was agreed, so it will be interesting to see what impact that has but it is evident that there is high demand for data regulation.

While respondents are clear that they want data regulation, they are also fearful that over-regulation of digital services might stifle competition in the telecoms and ICT sectors. Only 7% did not express some form of concern over excessive regulation. Governments could introduce regulations to protect domestic tech and service providers but also to control levels of dissent. It may be difficult for national governments to agree common rules in this area that can be implemented through the AfCFTA.

Interestingly, creating a pan-African start-up ecosystem is the running theme across policy priorities

Fig. 45: What should be the AfCFTA's policy focus areas within the tech and telecoms sector?



The final question in our survey was perhaps the one with the least predictable responses. The broad area of ensuring support for start-ups came out as the leading priority with respondents calling for the introduction of a pan-African start-up act, better access to finance and increased access to public procurement for tech start-ups. This last point could suggest that too many services are being kept in-house when start-ups could provide better or cheaper services, or it might suggest that government departments currently rely on the same limited pool of third-party suppliers. The recent launch of the draft protocol for digital trade by the AfCFTA Secretariat aims in part to meet these needs.

Conclusion

Africa faces a wide range of current challenges. Governments are struggling with high levels of inflation, while rising interest rates have driven up the cost of borrowing for businesses and curtailed spending. At the same time, the war in Ukraine has had a particular impact on food imports, while the effects of climate change are steadily increasing, demanding more investment in mitigation schemes. Yet most business leaders appear optimistic about the future, including for their own companies' role in that growth.

The kind of sustained levels of high economic growth that transformed East Asian countries in particular have not been replicated in Africa and perhaps that type of boom will never materialise. Yet African countries have routinely comprised about half of all rankings in tables of the world's fastest growing economies in recent years, with Rwanda, Ethiopia, Côte d'Ivoire and Tanzania regularly listed.

The AfCFTA offers perhaps the biggest sign of hope. Creating a free trade zone should encourage much greater levels of intra-African trade but the fact that it is an African solution to African problems is important, as it can be adapted to local needs by those involved. Yet the scale of hard work involved in actually making it a success should not be underestimated. Governments need to be ready to make decisions on opening up their economies to boost trade levels. This is also where the AfCFTA Adjustment Fund needs to be effective, in compensating those countries that lose out.

The free trade area also requires greater private sector participation and buy-in, in order to make it responsive to the needs and constraints of African businesses. Our annual survey has clearly demonstrated that there is currently insufficient awareness of the AfCFTA and its various instruments, even among African CEOs, so there is clearly work to do in terms of promotion.

The continued dominance of cash in advance to finance cross-border trade reflects the need for more secure payment methods for cross-border trade. The new Pan-African Payment and Settlement System (PAPSS) offers the perfect solution, particularly as payments can be made in African currencies. However, although the banking industry seems well aware of the new payment platform, many companies in other sectors are not familiar with it. Given that it makes cross-border trade easier, reduces costs and lessens demand for US dollars, it seems likely that the PAPSS will come to be seen as one of the most important contributors to boosting internal levels of African trade.

Trade volumes in most parts of Africa are currently very low but even one of the continent's main trading centres, North Africa, is relatively unconnected with countries south of the Sahara. Morocco, Tunisia and Egypt are among Africa's biggest trading nations but still focus on exporting to Europe and the Gulf states, in particular. Moroccan banks are now very active in West Africa, while their Egyptian counterparts are also starting to move south, so it is to be hoped that other North African sectors also begin to make use of the evolving AfCFTA.

Recent road improvements across the Sahara will help but transport links across the very heart of the continent, in Central Africa, remained limited, so that region looks like remaining on the sidelines in terms of intra-African trade for the foreseeable future. In the long term, it needs to be brought into the fold. Ultimately, it is a change in perception that may be most important in boosting internal African trade volumes. African companies need to consider trade with neighbouring states as one of their best options – and it is the AfCFTA that is likely to be the best tool in changing that perception.

Thank you to our partners

Though the **AfCFTA** is driven by its Member States, the Secretariat functions as the coordinating body for all its activities. The Secretariat is the administrative organ mandated to coordinate the implementation of the AfCFTA. The Secretariat is responsible for convening meetings, monitoring and evaluating the implementation process of the AfCFTA and other duties assigned to it by the AU Assembly of Heads of State, the Council of Ministers, and the Committee of Senior Trade Officials. The Secretariat houses experts, notably in legal affairs, economic policymaking, research, and communications, to assist the Member States, among other things, in ensuring easy progress of negotiations and that the rules set out in the Agreement are correctly applied and enforced.

African Export-Import Bank (Afreximbank) is a Pan-African multilateral financial institution mandated to finance and promote intra- and extra-African trade. For 30 years, the Bank has been deploying innovative structures to deliver financing solutions that support the transformation of the structure of Africa's trade, accelerating industrialization and intra-regional trade, thereby boosting economic expansion in Africa.

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AUDA-NEPAD
AFRICAN UNION DEVELOPMENT AGENCY

The establishment of **AUDA-NEPAD** is part of the global reforms geared at improving the African Union's impact and operational efficiency. The mandate of AUDA-NEPAD is to coordinate and execute priority regional and continental projects to promote regional integration towards the accelerated realisation of Agenda 2063; and Strengthen capacity of African Union Member States and regional bodies, advance knowledge-based advisory support, undertake the full range of resource mobilisation and serve as the continent's technical interface with all Africa's development stakeholders and development partners. The new mandate gives the organisation a wider role in terms of providing knowledge-based advisory support to AU Member States in the pursuit of their national development priorities.

Botho Emerging Markets Group is a leading advisor and consultant to investors, companies, governments and nonprofits navigating the world's fastest-growing markets. We're guided by a common set of values: curiosity, collaboration, and impact. Botho is the Setswana word for respect, which shapes our approach to business.

The International Trade Centre is the joint agency of the World Trade Organisation and the United Nations. ITC assists small and medium-sized enterprises in developing and transition economies to become more competitive in global markets, thereby contributing to sustainable economic development within the frameworks of the Aid-for-Trade agenda and the United Nations' Sustainable Development Goals.

The International Islamic Trade Finance Corporation (ITFC) is a member of the Islamic Development Bank (IsDB) Group. It was established with the primary objective of advancing trade among OIC Member Countries, which would ultimately contribute to the overarching goal of improving socioeconomic conditions of the people across the world. Commencing operations in January 2008, ITFC has provided US$70 billion to OIC Member Countries, making it the leading provider of trade solutions for the Member Countries' needs. With a mission to become a catalyst for trade development for OIC Member Countries and beyond, the Corporation helps entities in Member Countries gain better access to trade finance and provides them with the necessary trade-related capacity building tools, which would enable them to successfully compete in the global market.

The AATB Program is a multi-donor, multi-country, and multi-organizations program supported by the African Export-Import Bank (Afreximbank), Arab Bank for Economic Development in Africa (BADEA), Islamic Development Bank, The International Islamic Trade Finance Corporation (ITFC) The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and The Islamic Corporation for The Development of The Private Sector (ICD). The Program aims to promote and increase trade and investment flows between African and Arab OIC Member Countries; provide and support trade finance and export credit insurance and enhance existing capacity-building tools relating to trade. The Program specifically focuses on supporting the key sectors of agriculture and related industries including textiles; the health industry including pharmaceuticals; infrastructure and transport; and petrochemicals, construction material, and technology.

The pan-African private sector trade and investment committee (PAFTRAC)

PAFTRAC unites African leaders from the private sector and provides a unique advocacy platform bringing together the African private sector and African policymakers to support extra and intra-African trade, investment and pan-African enterprise.

The platform drives pan-African results by providing a framework for private sector engagement in trade and investment issues in Africa, including policy formulation and trade negotiations to support African economies in line with the ambitions of Agenda 2063: “The Africa We Want”.

PAFTRAC enhances advocacy and supports policy actions and recommendations of the private sector on trade; and investment issues at the national, trade corridor, regional and multilateral levels.

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