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The African Continental Free Trade Area:
Challenges and Possible Remedies

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Professor Mugano supervised six (6) Doctor of Philosophy (Ph.D) degrees to successful completion and other several postgraduate students in the field of International Trade, Finance and Development; and examined ten (10) doctoral theses (Ph.Ds.) and several postgraduate theses.

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Over the years, he has represented his country at various forums on trade negotiations and investment missions abroad (Heads of State and Government Summits, Council of Ministers, Senior Officials of Trade and Technical Committees) at bilateral, regional and multilateral levels in Belgium, Switzerland, South Africa, Swaziland, Zambia, Botswana, the People's Republic of China and South Korea.

Abstract

The African Continental Free Trade Area (AfCFTA) was established with a view to, among others, mitigate the problems associated with overlapping membership. In addition, given that amongst the regional blocs, the AfCFTA is the minimum level of market integration that has been achieved and in order to further deepen regional integration and address challenges associated with overlapping membership and contradictory regional economic communities, African states resolved to establish the AfCFTA. Resultantly, on 30 May 2019, the economic integration of African economies reached a new milestone when the agreement establishing the AfCFTA entered into force after 24 countries deposited their instruments of ratification.¹ The operational phase of the AfCFTA process was subsequently launched in Niamey, the Niger on 7 July 2019. As of February 2022, the Agreement has been signed and ratified by 54 and 41 African countries, respectively, including all Africa's LLDCs. African countries who ratified the AfCFTA have consented to liberalize up to 97% of tariff lines on intra-African trade in fifteen years' time.

Binding constraints which inter alia include supply side constraints; incessant exogenous shocks such as the Russia-Ukraine war, COVID-19 pandemic, and droughts; lack of complementarity of manufactured goods; and deficits of key infrastructures such as power, transport, information communication technologies and water are likely to impede the effective implementation of the AfCFTA.²

¹ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/eca-2022.pdf> (accessed on 18 June 2023).

² Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes);

Introduction

Recent studies show that Africa trade has stubbornly remained lower than 15%, being the lowest in the world, notwithstanding the notion that trade liberalisation creates increased market access.³ Binding constraints which have contributed to low intra – regional trade in Africa include (inter alia) deficits in trade related infrastructures, overlapping and multiple Regional Economic Communities (RECs), lack of complementarity of goods and services and supply side constraints.⁴

The pace of trade liberalisation within the RECs in Africa is slowed down by overlapping memberships, creating a spaghetti bowl situation and complexities related to difficulties in implementing trade protocols⁵. This hampers trade integration. A study on the impact of overlapping membership revealed that 25% of the interviewed policy makers in Africa reported that implementation of regional integration commitments is negatively affected by overlapping membership.⁶ When further probed on how overlapping membership affect the implementation of the RECs, about 23% of the policy makers in Africa underscored that overlapping memberships resulted in low implementation of regional trade agreements.⁷

In 2006 and 2007, in the Banjul and Accra summits, in order to address the challenges caused by multiple and overlapping memberships, the African Union (AU) Assembly adopted a Protocol on relations between the RECs and the AU⁸. The aim of the protocol is to ensure compliance with the Abuja Treaty and Lagos Plan of Action time frames for the establishment of the African Economic Community as well as facilitate the harmonisation of trade policies among RECs.⁹

As a result, in 2012, the heads of states and governments at the AU summit adopted a decision on the Establishment of a African Continental Free Trade Area (AfCFTA) and set 2017 as the year of its commencement.¹⁰ Likewise, in the same summit, African heads of state and government endorsed the Action Plan on Boosting Intra-Africa Trade (BIAT) which identified 7 areas of cooperation namely trade policy, trade facilitation, productive capacity, trade finance, trade information, trade related infrastructure and factor market integration.¹¹

³ Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes); World Trade Organisation (2022), The Benefits of Trade Facilitation, https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm#III (accessed on 20 December 2022); UNCTAD (2019), Economic Development in Africa 2019, Geneva, Switzerland.

⁴ Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes); Tavares, R and Tang, V (2011), "Regional economic integration in Africa: impediments to progress?", South African Journal of International Affairs, 18:2, 217-233; UNCTAD, 2015, "Building the African Continental Free Trade Area: Some Suggestions on the Way Forward (UNCTAD/DITC/2015/1), UNCTAD, Geneva; UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, Geneva.

⁵ Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes); Tavares, R and Tang, V (2011), "Regional economic integration in Africa: impediments to progress?", South African Journal of International Affairs, 18:2, 217-233; and Mugano, G (2013), The Impact of Trade Liberalisation on Zimbabwe, a Thesis Submitted in Full Requirement of the Doctor of Philosophy Degree in Economics, Nelson Mandela University, South Africa.

⁶ Tavares, R and Tang, V (2011), "Regional economic integration in Africa: impediments to progress?", South African Journal of International Affairs, 18:2, 217-233;

⁷ Tavares, R and Tang, V (2011), "Regional economic integration in Africa: impediments to progress?", South African Journal of International Affairs, 18:2, 217-233;

⁸ UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, UNCTAD, Geneva.

⁹ UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, UNCTAD, Geneva.

¹⁰ UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, UNCTAD, Geneva.

¹¹ UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, UNCTAD, Geneva.

In this regard, in June 2015, in line with the Lagos Plan of Action and the Abuja Treaty which envisaged deeper regional integration from the creation of a single common market to monetary union, African heads of state and government launched the negotiations for the establishment of AfCFTA¹² (see box 1).

Box 1: The Abuja Treaty on African Economic Community

The establishment of the African Economic Community (AEC) is provided for in Article 6 of the Abuja Treaty and stipulates that the AEC should be established in six stages over period not exceeding 34 years. In line with Article 6 of the Abuja Treaty, the establishment of new RECs in regions where they do not exist and strengthening of existing RECs are carried out in the first stage. Stabilisation of tariff and non-tariff barriers, customs duties and internal taxes are carried out in the second stage. Establishment of a free trade area and the establishment of a customs union by means of adopting a common external tariff at the level of each REC will be undertaken at the third stage through a gradual removal of tariff barriers and non-tariff barriers to intra-community trade. At the fourth stage, in order to establish a customs union and adopt a common external tariff, harmonisation and coordination of tariff and non-tariff measures will be carried out among the various RECs. The establishment of an African Common Market through the adoption of common policies in a number of areas which inter alia include the application of the principle of free movement of persons and provisions herein regarding the rights of residence and establishment; and harmonisation of monetary, financial and fiscal policies. Consolidation and strengthening of the structure of the African Common Market as well as the establishment of a pan-African Economic and Monetary Union which inter alia include the introduction of African Monetary Union, a single African Central Bank and a single African Currency will be undertaken at stage six.

Source: UNCTAD (2016)

Subsequently, on 21st March 2018, heads of state and government of the African Union, that is, 44 out of the 55 member states of the Union signed the Treaty establishing the African Continental Free Trade Area (AfCFTA), which created a market access with 1.3 billion people and a combined gross domestic product (GDP) of US\$3.4 trillion.¹³ By the end of January 2020, 54 (of 55) the countries in Africa signed the AfCFTA. The AfCFTA represents the largest FTA since the establishment of the World Trade Organisation.

The AfCFTA, if implemented, has a potential of lifting 30 million people out of extreme poverty by 2035.

¹⁴ The African LLDCs' share of intra- African imports ranges between 13% and 58%. In addition, on average, 56% of intra-African imports come from within the same REC. ¹⁵

¹² UNCTAD (2016), AFRICAN CONTINENTAL FREE TRADE AREA: Policy and Negotiation Options for Trade in Goods, UNCTAD, Geneva

¹³ Abrego, L., de Zamaróczy, M., Gursoy, T., Issoufou, S., Nicholls, G.P., Perez-Saiz, H and Rosas, J. N (2020), The African Continental Free Trade Area: Potential Economic Impact and Challenges, IMF, Staff Development Notes, No. 4, Washington DC.

¹⁴ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

¹⁵ UN-OHRLLS and UNECA (2019), Improving Transport Connectivity for LLDCs and the Status of Implementation of the Vienna Programme of Action in the African Region, UNECA, Addis Ababa.

The operational objectives and key institutional features of the AfCFTA are presented in Box 2 below.

Box 2: Operational Objectives and Key Institutional Features of the AfCFTA

The AfCFTA agreement has 7 operational objectives which are to: (1) eliminate tariffs and non-tariff barriers to trade in goods progressively; (2) liberalise trade in services progressively; (3) cooperate in matters of investment, intellectual property rights, and competition policy; (4) cooperate in all trade-related areas; (5) cooperate in customs matters and the implementation of trade facilitation measures; (6) establish a mechanism for the settlement of disputes concerning members' rights and obligations; and (7) establish and maintain an institutional framework for the implementation and administration of the AfCFTA.

The agreement foresees the creation of a regional institutional framework for its operations. Article 9 outlines an institutional framework for the establishment and functioning of the AfCFTA. It includes the creation of an assembly (to provide strategic guidance on the agreement); a council of ministers (among other things, to ensure effective implementation and enforcement of the agreement); a committee of trade ministers (among other things, to implement the decisions of the council of ministers); and an autonomous secretariat, responsible for coordinating and implementing the agreement. The composition and role of these bodies are laid out in the agreement. The AU envisages to establish a secretariat which will be the only organ of the AfCFTA that has been given a legal personality. While operationally autonomous, it would be financed by the African Union's budget. The council of ministers of trade determines the roles and responsibilities of the secretariat. That said, the agreement already contemplates specific roles for the secretariat under the protocol on rules and procedures on the settlement of disputes and the protocol on services.

Source: Abrego et al (2020)

The AfCFTA envisages the gradual elimination of tariff and non-tariff barriers to trade on the continent. The AfCFTA agreement is envisaged to eliminate tariffs on 90% of tariff lines.¹⁶ In order to allow flexibility in the implementation of the agreement, provided that the value of trade under these does not exceed 10% of the total trade with Africa, member states are allowed to implement tariff reductions over a longer period for 7% of tariff lines and maintain existing tariffs for the remaining 3% of tariff lines.¹⁷ For services, African economies have also agreed to propose liberalisation through a request-and-offer approach, based on seven identified priority sectors: financial services, logistics and transport, tourism, energy services, professional services, construction and communications.

The AfCFTA envisages creating institutional structures whose mandate is to eliminate NTBs, undertake general categorisation of NTBs, reporting and monitoring tools and facilitation of resolution of identified NTBs.¹⁸ The agreement on NTBs, in broad categories, covers the following: customs and administrative entry procedures, trade and restrictive practices tolerated by governments, sanitary and phytosanitary measures, technical barriers to trade and other barriers (including transportation).

Potential Challenges of the AfCFTA

¹⁶ Abrego, L., de Zamaróczy, M., Gursoy, T., Issoufou, S., Nicholls, G.P., Perez-Saiz, H and Rosas, J. N (2020), The African Continental Free Trade Area: Potential Economic Impact and Challenges, IMF, Staff Development Notes, No. 4, Washington DC.

¹⁷ Abrego, L., de Zamaróczy, M., Gursoy, T., Issoufou, S., Nicholls, G.P., Perez-Saiz, H and Rosas, J. N (2020), The African Continental Free Trade Area: Potential Economic Impact and Challenges, IMF, Staff Development Notes, No. 4, Washington DC.

¹⁸ Abrego, L., de Zamaróczy, M., Gursoy, T., Issoufou, S., Nicholls, G.P., Perez-Saiz, H and Rosas, J. N (2020), The African Continental Free Trade Area: Potential Economic Impact and Challenges, IMF, Staff Development Notes, No. 4, Washington DC.

Longstanding challenges affecting Regional Economic Agreements (REAs) inter alia include challenges in clarifying the process of absorbing existing REAs into the AfCFTA and their subsequent role, absence of a strong secretariat to implement a rules-based system for trade under the AfCFTA, managing the political economy aspects of the AfCFTA without compromising its economic benefits, resisting the temptation of making the AfCFTA an obstacle to trade liberalisation with countries outside Africa and deficits of trade related infrastructure.¹⁹

Difficulties in Transferring the Existing Roles of RECs into the AfCFTA

Although Article 3 of the AfCFTA which seeks to address the challenges of multiple and overlapping memberships, in cases where the regional integration arrangements is deeper than the AfCFTA, RECs are allowed to maintain their RTAs. In view of the fact that there is no specific protocol on relations between the existing RECs and the AfCFTA, in the face of multiple and overlapping memberships, it will be difficult to implement the AfCFTA.²⁰ In addition, because the status of the relationship between the AfCFTA and regional trading blocs such as Southern African Customs Union, Indian Ocean Commission and Mano River Union is not recognised, it poses challenges in the implementation of the AfCFTA as countries will continue with their RTAs thereby discarding the AfCFTA.²¹

Inadequate Secretariat

In order to benefit from AfCFTA, the scope and meaning of the legal personality (from which these powers would flow) of the secretariat must be clarified²². This is critical because legal authorities such as the AfCFTA are expected to provide technical assistance and oversight to members states. In the absence of a strong secretariat, with capacity to cover the entire continent, countries may have silo mentality which may hinder the success of the AfCFTA. The AfCFTA is located in Accra, Ghana which makes it difficult to respond to regional needs as in the case of the current RECs.

Trade infrastructure

The combined effects of the infrastructure deficit in Africa and the resulting high costs of logistics remains a primary constraint to intra-Africa trade. The development of accessible and predictable solutions in the transport, energy and information communications technology (ICT) sectors is hindered by insufficient quantity of physical infrastructure, and high prices.²³

Transport Infrastructure

In Africa, the most dominant mode of transport is road transport, followed by railways, air and inland waterways.²⁴ About 80 – 90 % of the passenger and freight traffic is covered by road transport, but the average road access rate in Africa or the percentage of people with access to road, is 34% as

¹⁹ Abrego, L., de Zamaróczy, M., Gursoy, T., Issoufou, S., Nicholls, G.P., Perez-Saiz, H and Rosas, J. N (2020), The African Continental Free Trade Area: Potential Economic Impact and Challenges, IMF, Staff Development Notes, No. 4, Washington DC.

²⁰ Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes);

²¹ Mugano, G (2021), Trade Liberalisation and Economic Development in Africa, Routledge Studies in Development Economics, ISBN 9780367749088, <https://www.routledge.com/Trade-Liberalisation-and-Economic-Development-in-Africa/Mugano-Brookes/p/book/9780367749088> (Edited by Michael Brookes);

²² Erasmus, G. 2019. "The AfCFTA Institutions: Could the Secretariat Hold the Key to Implementation? TRALAC Working Paper US19WP01/2019.

²³ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/eca-2022.pdf> (accessed on 18 June 2023).

²⁴ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrrls/sites/www.un.org.ohrrls/files/eca-2022.pdf> (accessed on 18 June 2023).

compared with 50% in other developing countries.²⁵ Similarly, most African countries especially the landlocked countries (LLDCs) Botswana, Burkina Faso, Eswatini, Ethiopia and Lesotho do not have navigable waterways.²⁶

The quality of African roads, when compared with comparator transit neighbours and global average are relatively poor. The average paved road density in African landlocked countries is 10.59 km per 1000 km².²⁷ The disparity of the quality of roads are even wider when compared with transit developing countries (191.4 km per 1000 km²) and global average (151 km per 1000 km²) (see table 1).

Table 1: Paved road and railway density

Region	Paved road density (km per 1 000 km ²)	Rail density (km per 1 000 km ²)
East and Southern Africa	34.7	5.7
West and Central Africa	3.5	2.3
Transit developing countries	191.4	8.6
Global	151.0	9.5

Source: UN-OHRLLS, “Financing Infrastructure in the Transport Sector in Landlocked Developing Countries: Trends, Challenges and Opportunities”, 2018. Available at http://unohrlls.org/custom/content/uploads/2018/09/landlocked_developing_countries_Report_18_digital_Final.pdf (accessed on 15 January 2023).

Rail is the second most dominant mode of transport in Africa.²⁸ Many African landlocked developing countries are linked to the sea by rail. By nature, rail transport offers economies of scale arising from bulk carriage which is ideal for landlocked developing countries to transport their low-value bulk goods. In addition, rail transport offers shorter and more reliable transit times due to fewer stops in transit and shorter border-crossing waiting times and fewer enroute delays which result in cost savings.

With respect to the effects of the AfCFTA on trade flows in Africa, evidence showed that inadequate transport infrastructure and services could hamper the full realization of the benefits of the AfCFTA African countries.²⁹ The ECA study revealed that the implementation of the AfCFTA will result in a 28% increase in intra-African freight demand by 2030: the demand for road, rail, maritime and air freight will rise by 22, 8, 62 and 28%, respectively, while the modal share on rail will increase from 0.3 – 7%³⁰. However, if the AfCFTA is to be fully implemented, by 2030, Africa will require close to 2 million additional trucks, 250 aircrafts, more than 100,000 rail wagons and more than 100 vessels³¹. This calls for the need for huge investments in roads, seaports, railways and airports as well as in rail wagons, trucks, aircrafts and vessels.

²⁵ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

²⁶ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

²⁷ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

²⁸ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

²⁹ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

³⁰ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

³¹ UNECA (2022), 2022 African Report of the Secretary General Implementation of the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, <https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/eca-2022.pdf> (accessed on 18 June 2023).

Energy

In order to enhance productivity and trade competitiveness of African countries access to affordable, reliable and renewable energy in enabling the modernization of information and communications technology and transit systems is critical. Of concern is the fact that energy access for African countries remains stubbornly low with an average of only 44% of the population having access to electricity in 2022 which is far below the average of 81% for developing countries.³²

At a household level, out of 950 million people, more than 600 million people have no access to electricity.³³ As a result, the African region is regarded as the world's most electricity-poor region. To make matters worse, the cost of electricity per unit (to consumers) in most African countries is far higher than in many emerging markets such as India (US\$0.08/kWh) and more than double the cost in high-income nations such as the United States (US\$0.12/kWh) (World Bank, 2019). In extreme cases as in some African countries such as Liberia the cost of electricity per kilowatt hour is 4 times more expensive than the United States (World Bank, 2019). This undermines the competitiveness of African countries and the capacity to trade.

A 2019 study by the World Bank shows that over 60% of African countries were hard hit by power shortages and regular outages largely as a result of their failure to cope with increasing demand in the face of worsening droughts have reduced the capacity of power generation capacities especially in East and Southern Africa.

However, the severity of power outages is worse on small businesses which constitute the significant share of businesses in Africa.³⁴

Information Communication Technologies

Most African LLDCs witnessed low usage of the internet in the African LLDCs due to high cost of ICT access.³⁵ In addition, other constraints which prevent African countries from fully harnessing the developmental potential of ICT and digitalization inter alia include low digital literacy rates, infrastructural gaps, poor quality regulation and the high cost of accessing submarine cables.³⁶

As a result, technologies which include e-commerce, automated single windows, e-government and digital finance are rarely used in most African countries. Yet the use of ICTs especially through digital trade is more important than ever as it is an effective mitigation measure to disasters such as the COVID-19 pandemic.

In Africa, the opportunity to harness the benefits of the digital economy and, in particular, the optimization of emerging technologies that facilitate trade and spur sustainable development, is hampered by the high cost of ICTs. The technologies which are essential for trade facilitation inter alia include automated single windows, e-commerce, e-government and digital finance.

³² World Bank (2022), Putting Africa on the Path of Universal Access of Electricity, World Bank, Washington DC. Available on: <https://blogs.worldbank.org/energy/putting-africa-path-universal-electricity-access> [Accessed on 7 July 2023]

³³ World Bank (2019), Electricity Access in Sub – Sahara Africa, Uptake, Reliability and Complementary Factors for Economic Impact, World Bank, Washington DC.

³⁴ World Bank (2019), Electricity Access in Sub – Sahara Africa, Uptake, Reliability and Complementary Factors for Economic Impact, World Bank, Washington DC

³⁵ International Telecommunication Union (2021). Statistics: Individuals Using the Internet – 2021. Available at <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> (Accessed on 23 June 2023).

³⁶ International Telecommunication Union (2021). Statistics: Individuals Using the Internet – 2021. Available at <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> (Accessed on 23 June 2023)

Conclusion

Challenges affecting the AfCFTA identified in this paper inter alia include inadequate secretariat, lack of clarity on how the current roles of RECs will be absorbed by the AfCFTA and deficit of trade infrastructures such as transport, energy and ICTs. If these challenges are not addressed, there is no guarantee that intra – Africa trade will increase significantly from the current 15% nor Africa's share of trade to the global trade will increase above the current levels of 3%.

In view of this, the following measures are proposed:

1. The AfCFTA should consider decentralising its office to the regions covered by RECs and jointly work with the RECs as part of the strategy for the full implementation of the AfCFTA.
2. Given that Africa's infrastructure gap continues to widen, there is urgent need to liberalize infrastructure investment and financing, through promotion of private sector investment and operations, underpinned by the implementation of the "user pays principle".
3. In view of the fact that the African continent loses \$88.6 billion annually to illicit financial flows, which is enough to fund the continent's annual infrastructure budget, African countries must strengthen asset recovery policies, standards and actions. It is necessary to undertake multilateral efforts using existing StAR global network of initiatives such as the Asset Recovery Inter-Agency Network for Southern Africa, the Asset Recovery Inter-Agency Network for East Africa, the Asset Recovery Inter-Agency Network for West Africa, the Camden Asset Recovery Inter-Agency Network, and the European Union Agency for Law Enforcement Cooperation.



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