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INVESTING IN PRODUCTIVE CAPACITIES AND TRADE FOR A RESILIENT FUTURE

1ST OCTOBER 2025

BACKGROUND PAPER

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EXECUTIVE SUMMARY

In an increasingly interconnected world, governments navigate a complex mix of global challenges, ranging from geopolitical tensions and climate change to supply chain disruptions. While these dynamics are affecting economies worldwide, their impact is particularly pronounced in structurally vulnerable regions such as Central and Eastern Africa. At the same time, this global context presents an opportunity: by leveraging regional integration and investing in productive capacities, these subregions can transform exposure into resilience and uncertainty into momentum for long-term, inclusive growth.

Key Findings:

Reliance on a narrow set of productive capacities

- The UNCTAD (2022) Productive Capacities Index (PCI) highlights persistent gaps. In 2022, Eastern Africa scored 31.1 and Central Africa 29.1, both below the African average (31.9). Energy access remains uneven, only 5.4% of South Sudan's population has electricity access, compared to 94% in Gabon.
- From 2000 to 2023, agriculture's share of GDP fell in both regions (from 28.1% to 21.7% in Eastern Africa, and from 21.7% to 16.1% in Central Africa), suggesting a shift towards economic diversification (WDI). However, much of this transition has been into other low-productivity sectors, in services, and informal activities and not manufacturing, limiting productivity gains and economic transformation.

Dependance on global rather than regional markets

Strong reliance on a few products exported to global markets, and reliance on imports on manufactured goods and food items, expose regions to global price and supply shocks.

- Export diversification remains limited in Central Africa, where countries like Equatorial Guinea and São Tomé & Príncipe export fewer than 30 products, compared to over 200 in Kenya, Tanzania, and Uganda (UNCTADstat).
- Both Central and Eastern Africa are heavily reliant on the export of extractive commodities in their primary form. In 2023, Central Africa exported $105 billion, out of which 63% fuels while Eastern Africa exported $64 billion, with 49% of ores and metals. Both regions rely heavily on imports of manufactured goods (63–67%) and food products (UNCTADstat).
- Intra-regional trade remains modest: just $2.4 billion in Central Africa (3% of trade) versus $13 billion in Eastern Africa (21%), highlighting the need to strengthen regional markets to reduce external dependence (UNCTADstat).

Climate and Food Price Vulnerability

- Agriculture, employing over 60% of the labor force in both Central and Eastern Africa, remains highly sensitive to climate shocks (World Bank 2023a). Irrigation rates are among the lowest in the world, particularly in Central Africa, where farming is predominantly rain-fed (FAO 2024).
- For example, in Ethiopia, rising temperatures under high-warming scenarios could reduce agricultural output by one-third (IPCC, 2023; Ortiz-Bobea et al., 2021). Meanwhile, Central Africa's fisheries—particularly in areas like Lake Tanganyika—are projected to lose nearly 30% of related jobs by 2050 due to warming waters and ecosystem disruption (IMF, 2022).

- By 2023, over 313 million people in Eastern Africa and 157 million in Central Africa faced moderate to severe food insecurity (FAOStat 2024).

Sensitive of the Impact of Global Shocks

- Repeated crises, such as the COVID-19 pandemic and the Russia–Ukraine conflict, have deepened inflation, debt, and food insecurity across Central and Eastern Africa.
- In 2020, the pandemic caused a sharp contraction in economic growth, particularly in Central Africa, where regional GDP growth fell to -0.9%, reflecting the collapse in global oil prices. Eastern Africa also saw a significant slowdown, though more moderate due to a more diversified economic base.

Need to set strategic priorities to create economic reliance

Building economic resilience is a process that requires a proactive transformation of economic systems - reducing dependency on external markets, diversifying economies, and enhancing adaptive capacities to thrive amid uncertainty.

The report outlines six policy recommendations to foster resilience and inclusive development:

Short-Term Priorities (1–2 years)

- Recommendation 1: Build institutional capacity and coordination through digital tax reform, public sector training, and evidence-based policymaking tools.
- Recommendation 2: Facilitate regional trade by expanding border infrastructure, digitizing customs, and advancing AfCFTA implementation.

Medium-Term Priorities (3–5 years)

- Recommendation 3: Accelerate industrialization by scaling key sectors, supporting SMEs and SEZs, and fostering gender- and youth-inclusive value chains.
- Recommendation 4: Upgrade regional infrastructure by investing in transport, climate-resilient logistics, and regional integration frameworks.

Long-Term Priorities (5–10 years)

- Recommendation 5: Develop future-ready human capital through inclusive TVET programs, digital learning, and industry-linked apprenticeships.
- Recommendation 6: Advance climate-resilient agriculture by scaling green finance, sustainable aquaculture, and youth- and women-led agribusiness.

Central and Eastern Africa stand at a critical juncture. While vulnerabilities are deepening, so are the opportunities for structural change. Through sustained investment in productive capacities, regional integration, and institutional effectiveness, both subregions can turn adversity into a catalyst for durable, inclusive, and climate-resilient development.

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1. Introduction

In recent years, global crises have become more frequent, interconnected, and severe - driven by the compounding effects of climate change, pandemics, economic instability, and geopolitical tensions. Events such as the COVID-19 pandemic, escalating climate emergencies, and the Russia–Ukraine conflict have collectively disrupted global supply chains, slowed economic growth, and exacerbated systemic vulnerabilities. These overlapping and mutually reinforcing disruptions, often referred to as a "polycrisis" in the literature, underscore the complexity of today's global environment and the intensified exposure of developing economies to external shocks (Lawrence et al., 2024).

Amid heightened global uncertainty, the external environment for African economies has become increasingly volatile. Geopolitical tensions, persistent supply chain disruptions, and global trade distortions, exacerbated by insecurity such as the Russia-Ukraine conflict, have intensified economic headwinds. At the same time, tighter global financial conditions and shifting donor priorities are contributing to declining aid flows, constraining fiscal space just as investment needs to grow. These developments signal an era of elevated risk and policy uncertainty, reinforcing the urgency for resilient, self-sustaining trade and production systems across Eastern and Central Africa.

This volatile global context has exposed structural vulnerabilities to global shocks of many economies, also in Central and Eastern Africa, and tested their resilience. In response, governments in the region have reaffirmed their commitment to achieving inclusive and sustainable development as outlined in the United Nations 2030 Agenda for Sustainable Development and the African Union's Agenda 2063. However, building economic resilience is a process that requires a proactive transformation of economic systems, reducing dependency on external markets, diversifying economies, and enhancing adaptive capacities to thrive amid uncertainty.

Two essential pillars of this transformation are the development of productive capacities and strengthening regional trade integration. These pillars are fundamental to achieving long-term economic stability and reducing vulnerability to global shocks. According to UNCTAD (2024e), productive capacities comprise "the productive resources, entrepreneurial capabilities, and production linkages that determine a country's ability to produce goods and services that contribute to its growth and development." These capacities span key sectors such as energy, transport, ICT, human capital, institutions, and natural resources, and form the backbone of resilient and sustainable economic systems.

Recent evidence strongly supports the importance of strategic investments in productive capacities to enhance economic resilience. The IMF (2024) highlights the strong correlation between strengthened productive capacities and reduced growth volatility, particularly when reinforced by sound institutions. Similarly, the OECD (2024) notes a post-pandemic surge in investments across sectors, with agricultural investments increasing by 10% and banking services increasing by 3%, surpassing pre-COVID levels. The OECD advocates redirecting over USD 842 billion in global agricultural subsidies toward innovation, infrastructure, and resilience-enhancing initiatives.

Targeted investment in infrastructure, particularly in transport and ICT, remains pivotal in closing Africa's digital divide and boosting trade competitiveness. UNCTAD's infrastructure–industrial output model shows a statistically significant impact of transport and ICT improvements on manufacturing output across COMESA countries (UNCTAD, 2024b). Moreover, of the $64 billion in international projects funded in Africa in 2023, 20% focused on services and selected manufacturing and 13% on resource-based processing, reflecting increased intra-African investment momentum (UNCTAD, 2024b).

Trade plays a dual role in resilience: as a source of productivity gains and a channel for technology transfer and industrial scaling. However, the rise in global trade protectionism and supply chain disruptions have exposed the risks of over-reliance on external markets. UNCTAD (2024a) cautions that narrow export structures and limited regional trade linkages leave economies highly vulnerable to external price and trade shocks. In this context, regional trade agreements like the African Continental Free Trade Area (AfCFTA) and the Tripartite Free Trade Area (TFTA) offer strategic pathways to diversify economies and build more self-reliant regional markets.

The role of human capital development, however, often remains overlooked as an essential driver of growth. As noted by UNCTAD (2024a) and the World Bank (2023d), structural transformation must be accompanied by investments in education and health to improve productivity and support economic diversification. Persistent gaps in these sectors continue to hinder long-term development progress.

This report argues that Central and Eastern Africa have a unique opportunity to strengthen their economic resilience by investing in strategic sectors, expanding regional trade, and deepening institutional capacity. Key policy priorities identified in this report include:

- Accelerating economic diversification to reduce dependency on commodity exports.
- Upgrading infrastructure and enhancing regional connectivity.
- Facilitating intra-African trade to cushion against global supply chain and price shocks.
- Advancing institutional and fiscal resilience.
- Mainstreaming green and blue economy strategies.
- Increasing investment in human capital development.

These priorities are directly aligned with the SDGs, particularly SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), and SDG 12 (responsible consumption and production). The urgency of long-term structural transformation has never been greater.

This report presents a comprehensive analysis of productive capacities and trade in Central and Eastern Africa. It identifies structural vulnerabilities, assesses exposure to global shocks, and proposes actionable policy recommendations to support resilient and inclusive development. For the purposes of this report, **Central Africa** includes the eleven Economic Community for Central African States (ECCAS) Members[1], while **Eastern Africa** comprises 14 countries: Burundi, Comoros, Congo (Dem. Rep.), Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia, South Sudan, Tanzania, and Uganda. Notably, Burundi, Congo (Dem. Rep.), and Rwanda are counted in both subregions but are not double counted in aggregate analysis.

The structure of the report is as follows:

- **Chapter 2** analyzes structural vulnerabilities in productive capacities and trade, focusing on export concentration and limited diversification.
- **Chapter 3** examines exposure to macroeconomic, climate, and trade shocks, including recent global crises.

[1] The analysis is based on the ECCAS Membership as of April 2025.

- **Chapter 4** outlines strategies to enhance resilience through investments in infrastructure, human capital, and regional value chains.
- **Chapter 5** summarizes key findings and offers cross-cutting policy recommendations to support long-term, inclusive development.

2. Linking Economic Vulnerability to Productive Capacities and Trade

Economic vulnerability refers to the susceptibility of economies, sectors, or communities to adverse impacts from both internal and external shocks, including financial crises, climate-related disasters, political instability, and disruptions in global markets. These vulnerabilities stem from a combination of endogenous factors, such as over-reliance on single sectors or macroeconomic management, and exogenous pressures like fluctuating global demand, climate change, and trade policy shifts (UNCTAD, 2023b; World Bank, 2024b).

Productive capacities are the foundational assets—such as infrastructure, technology, skills, and institutions—that enable an economy to produce goods and services efficiently. Strengthening these capacities is essential for structural transformation, the process through which economies shift from low-productivity sectors like agriculture to higher-productivity sectors such as manufacturing and services.

As structural transformation progresses, it fosters economic diversification by expanding the range of products and sectors that contribute to output, exports, and employment. In turn, a more diversified economy becomes less vulnerable to sector-specific shocks, supports sustained growth, and enhances economic resilience. Thus, investments in productive capacities catalyze structural transformation, which is both a pathway to and a driver of sustainable economic diversification.

Structural transformation is commonly reflected through indicators such as increased export of value-added products and diversification, greater fixed capital investment, and a rising share of industry and services in total GDP. Importantly, structural transformation can also occur within a sector, provided that sector-specific constraints are identified and effectively addressed to enhance productivity.

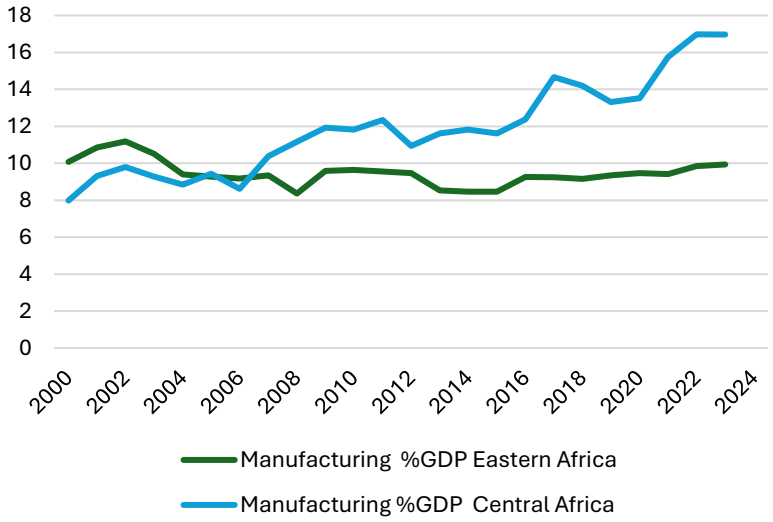
One of the key indicators of structural transformation, defined as the reallocation of economic activity across the broad sectors of agriculture, industry, and services toward higher productivity sectors, is the declining share of agriculture in GDP, accompanied by increased contributions from manufacturing and services. Similarly, economic diversification refers to the process by which an economy expands its range of products, markets, and income sources, moving away from dependence on a few sectors, typically agriculture or extractive industries.

Between 2000 and 2023, both Eastern and Central Africa experienced a general decline in the agricultural sector's share of GDP. In Eastern Africa, agriculture's contribution dropped from 28.1% to 21.7%, while in Central Africa, it declined from 21.7% to 16.1% (World Bank Development Indicators, 2025). This trend may suggest a shift toward more diversified economic activities; however, it is important to note that such changes do not necessarily reflect genuine structural transformation. In many developing countries, including those in Eastern and Central Africa, the reduction in agriculture share has often been accompanied not by a robust expansion of the manufacturing sector but rather by a growth in the services sector, especially low-productivity and often informal services. As a result, employment has shifted from agriculture to low value-added services, leading to economic diversification without the productivity gains typically associated with structural transformation.

Moreover, some countries did not follow this overall pattern. In Eastern Africa, Comoros did not exhibit a significant decline in agriculture's share, while in Central Africa, the Republic of Congo and Angola showed little to no reduction, highlighting the uneven nature of this evolution across the sub-regions.

The services sector has shown notable growth over the same period. In Eastern Africa, the share of services in GDP increased from 43.8% in 2000 to 48.1% in 2023. In Central Africa, it rose from 36.6% to 44.6% (World Development Indicators, 2025). This growth highlights the increasing importance of services in both sub-regions' economies. The manufacturing sector value added progresses more rapidly in Central Africa than Eastern Africa. While the overall average for Eastern Africa remains relatively low and constant at 10% of GDP in 2023, the Democratic Republic of Congo (DRC) and Uganda stand out, with manufacturing contributing 18% and 15.6% to their respective GDPs (Figure 1).

Figure 1: Manufacturing value added in GDP (%)



Source: World Bank Development Indicators, 2025

In Central and Eastern Africa, three interconnected areas of vulnerability are particularly critical. Productive vulnerabilities are evident in infrastructure gaps and limited value addition, which constrain competitiveness and raise transaction costs (AfDB, 2019). Trade vulnerabilities emerge from heavy reliance on a narrow set of commodities and trading partners, leaving countries exposed to price and demand fluctuations (UNCTAD, 2020a). These are compounded by macroeconomic vulnerabilities, including inflation, exchange rate volatility, and low fiscal space due to high-debt levels and limited domestic resources, which weaken the ability to response to a shock with fiscal policy (World Bank, 2021a).

These vulnerabilities reinforce one another: narrow productive systems undermine trade performance, which in turn amplifies macroeconomic instability. Addressing them requires a comprehensive strategy, investing in infrastructure, boosting value-added production, and diversifying both exports and markets. Initiatives like the African Continental Free Trade Area (AfCFTA) provide a strategic platform to reduce dependence on external demand and foster more resilient regional economies (UNECA, 2021c).

2.1 Comparing Productive capacities in Eastern and Central Africa

Narrow productive capacities are one of the structural factors that make an economy vulnerable to shocks. Central and Eastern African economies have a persistent dependence on a narrow set of economic activities - most notably primary agriculture and extractive industries.

In 2023, Central Africa exports 65% of fuel and 26% of metals, and previous stones to the rest of the world, while Eastern African region is a little more diversified with extractive commodities cumulating to 54% (49% metals, and previous stones) (UNCTADstat database, 2025). This lack of diversification renders both subregions susceptible to sector-specific shocks. When external factors such as price volatility in global commodity markets or disruptions in key exports like oil, minerals, or cash crops occur, the economic repercussions are swift and severe (IMF, 2023a). To assess the productive strengths and vulnerabilities of countries, the Productive Capacities Index (PCI) developed by UNCTAD provides a comprehensive measure. It evaluates countries across eight dimensions: human capital, natural capital, energy, transport, ICT, institutions, private sector development, and structural change. UNCTAD (2020) defines productive capacities as: "The productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop" (UNCTAD,2020).

Box 1 : Methodological Considerations and Limitations in PCI Analysis

The study analyzed the Productive Capacities Index (PCI) across 14 Eastern African countries, based on the UNECA classification, and 11 Central African countries, as defined by ECCAS. Importantly, Rwanda, Burundi, and the Democratic Republic of Congo are members of both regional blocs. Their dual inclusion reflects institutional realities but also introduces potential overlaps in regional analysis.

To ensure balanced representation and prevent larger economies from disproportionately influencing regional outcomes, we used simple (unweighted) averages to calculate regional PCI scores. This approach ensures that each country contributes equally to the regional average. However, it can understate the structural influence of larger economies on regional productive capacity. For example, the average transport index appears to be declining in both Eastern and Central Africa, but this trend is largely driven by a few countries experiencing significant declines. These decreases offset improvements in transport performance in other countries, potentially masking overall progress within the region.

The PCI data was sourced from UNCTAD, covering the period 2000 to 2022. This time frame was selected to encompass several major global shocks with potential impacts on productive structures: 2008 Global financial crisis, the 2014 end of commodity super-cycle, the COVID-19 pandemic in 2020, and the Russia-Ukraine conflict in 2022.

Several limitations must be acknowledged. The PCI is a composite index whose construction relies on normalized sub-indicators that may vary in data quality, especially for fragile states. Furthermore, the most recent data point available is from 2022, limiting the study's capacity to assess the effects of very recent or ongoing economic developments beyond that year.

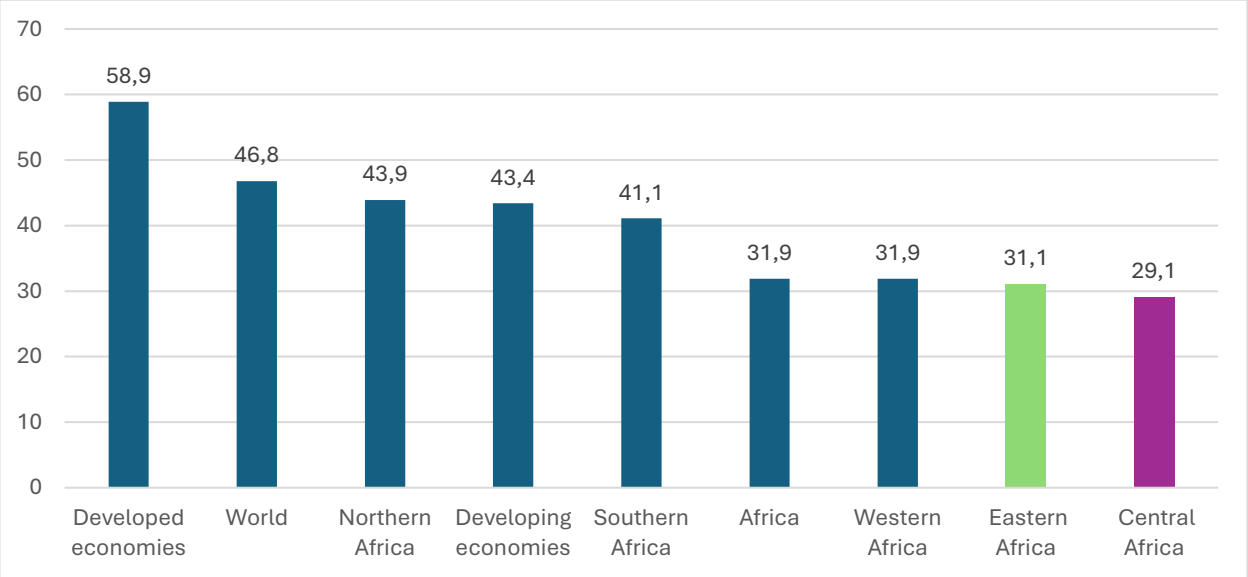
UNCTAD also has highlighted several challenges encountered during the compilation of the Productive Capacities Index (PCI). One major issue is data availability and quality. There is a significant lack of comprehensive and reliable data, with approximately 22% of the required data points missing, particularly in low- and middle-income countries which leads to data imputation. This data scarcity

affects the accuracy and completeness of the index. Another challenge lies in methodological constraints: the PCI is based on 42 indicators across e*ight categories, but the selection and weighting of these indicators may introduce biases and may not fully reflect the unique realities and development contexts of each country* (UNCTAD, 2023a).

Despite these limitations, the PCI remains the only tool for analyzing long-term trends across multiple countries' productive ability.

When comparing the PCI in 2022 across country groups significant disparities emerge. Developed economies recorded the highest average score at 58.9, well above the global average of 46.8. Within Africa, Northern Africa (43.9) and Southern Africa (41.1) performed relatively better, while Eastern Africa and Central Africa lagged with average scores of 31.1 and 29.1 respectively. These two subregions fall below both the continental average of 31.9 and the scores of Western Africa (31.9). This underscores an urgent need for targeted investments in productive capacity in both Central and Eastern Africa to close the widening gap and foster sustainable development.

Figure 2: Productive Capacities Index (PCI) score, 2022



Source: UNCTADStat 2023

Note: The author used a simple average instead of GDP weighted average to avoid some large well performing countries introducing an upward bias.

Figure 3 also shows some of the PCI sub-indices that are most relevant for this report. Between 2000 and 2022, both subregions recorded growth in the overall PCI scores. However, both regions experienced a sharp decline in PCI scores in 2020 due to the COVID-19 pandemic, which severely disrupted transport and private sector activities (Figure 3). Eastern Africa consistently outperformed Central Africa, particularly in areas such as natural capital, human capital, and transport. While results for energy and ICT index are mixed.

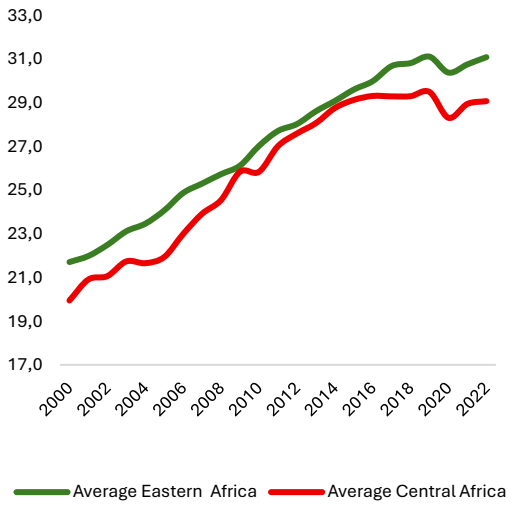
Overall, significant improvement can be observed in the composite index across both subregions; however, natural capital and transport exhibit a negative trend. The transport index is computed based on key indicators such as road infrastructure quality, railway network coverage, port efficiency, and air transport connectivity. The overall decrease in the transport index across Eastern Africa is largely due to an averaging effect, where declines in countries such as Uganda, Eritrea, the Democratic Republic of Congo (DRC), and Somalia offset improvements recorded in other nations. Conversely, countries like Kenya, Rwanda, and Comoros are showing signs of recovery from the impacts of COVID-19, resulting in a rebound in their respective transport indices.

In Central Africa, persistent low performance in countries such as Cameroon, Chad, and Gabon has contributed to the overall decline in the regional transport index. This is mainly due to underperformance in air transport infrastructure and limited connectivity, which remain key bottlenecks in these countries.

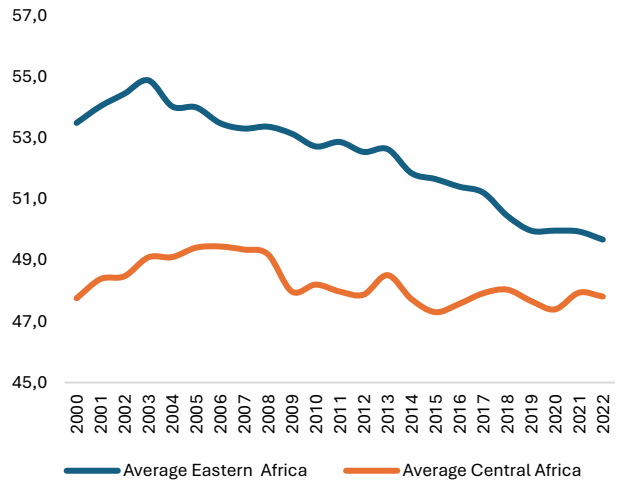
The consistent decline in natural capital in both Central and Eastern Africa can be attributed to the fact that this component accounts for a significant share of total wealth, and its depletion reflects the overexploitation of natural resources without adequate reinvestment.

Figure 3 : Trends in production capacities indices (2000-2022) [2]

Overall indices



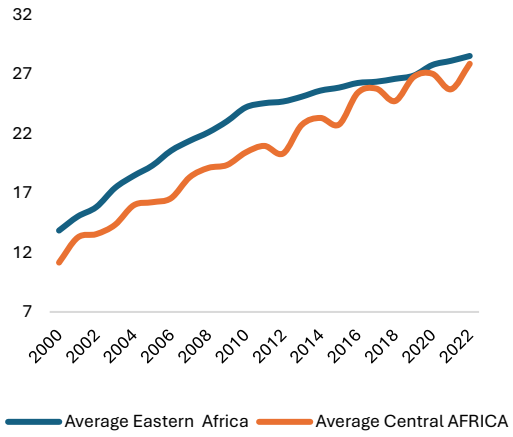
Natural capital indices

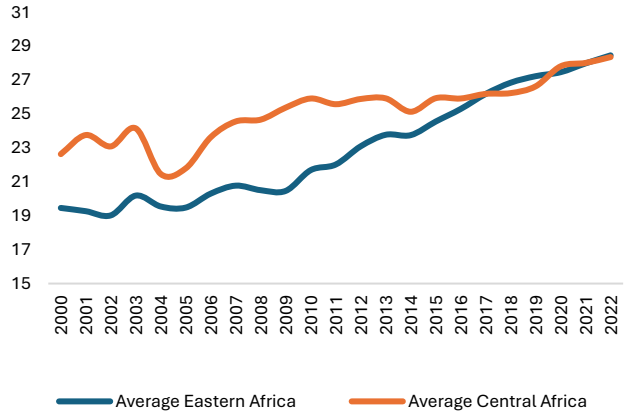


Human capital indeces

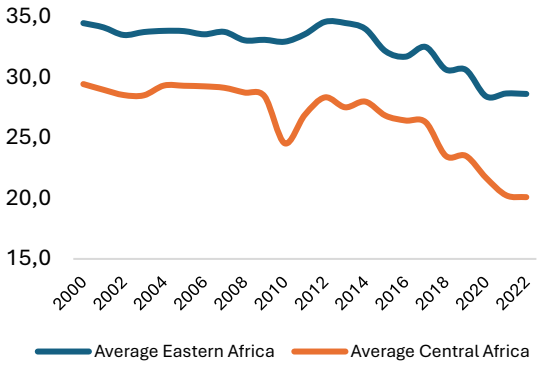
Energy indeces

[2] ECCAS definition was used for Central Africa average, while ECA definition was used for Eastern Africa average

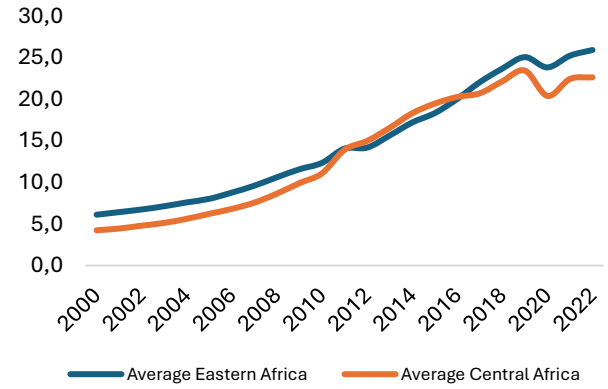




Transport indices



ICT Indices



Source: Simple average calculated based on UNCTADStat 2023.

2.1.1. Energy: A Foundational Pillar of Productive Capacity

Energy is a critical enabler of production and industrial activity. The Energy Index of the Productive Capacity Index assesses the availability, accessibility, and reliability of energy, focusing on metrics such as electricity generation per capita, access to electricity, and energy consumption. High scores signal robust energy infrastructure, essential for supporting industries, services, and sustained economic growth.

Electricity access, a fundamental input for productivity, has improved significantly in Eastern and Central Africa since 2000, though disparities persist. As of 2023, electricity access rates stood at 54.5% in Eastern Africa and 47.5% in Central Africa, up from 24% and 29% in 2000 respectively (World Development Indicators, 2025).

Progress varies widely across countries in 2023:

- In Eastern Africa, Seychelles has achieved universal access (100%), followed by Comoros (89.8%).
- In contrast, South Sudan (5.4%) and Burundi (11.6%) remain severely underserved.
- In Central Africa, Gabon (94%) and São Tomé and Príncipe (81.3%) lead, while Chad lags at 12%.

2.2. Trade as a Central Pillar of Productive Capacities

Trade and trade-related infrastructure are foundational to building productive capacities by enabling the efficient flow of goods, services, people, and information across borders. For Central and Eastern Africa, strengthening trade and transport systems is not only critical to enhancing economic competitiveness, but also to reinforcing resilience in the face of recurrent global shocks.

Despite notable progress, the regions remain characterized by structural trade imbalances. As of 2023, Central Africa exported goods worth $105.2 billion, equivalent to 41.9% of its GDP—while Eastern Africa exported $64.3 billion, or 14.8% of GDP. However, intra-regional trade remains modest, particularly in Central Africa, where it accounts for only 2.8% of total exports, compared to 20.8% in Eastern Africa. This reflects not only limited integration, but also persistent infrastructure deficits and logistical bottlenecks (Table 1; World Bank, 2025).

Trade performance is also shaped by the structure of value chains. Most countries in Africa export raw materials or semi-processed goods, with low levels of backward integration, limiting their participation in higher value-added segments of regional and global supply chains (UNCTAD, 2024a). Understanding the risks and opportunities embedded within these chains is vital for directing investments that promote resilient and inclusive trade systems (UNCTAD, 2024a).

Resilience to global supply chain shocks, such as those experienced during the COVID-19 pandemic, has also been found to be stronger among countries trading within formal trade agreements (Nicita and Saygili, 2021). This underlines the value of coordinated regional integration efforts under frameworks like the AfCFTA (UNCTAD, 2022a). Still, connectivity remains one of the most critical vulnerabilities across African countries in the context of the ongoing polycrisis (UNCTAD, 2024a).

While the benefits of value chain participation, including job creation, technology transfer, and export diversification, are well documented (Taglioni and Winkler, 2016; Ignatenko and Raei, 2019), there remains limited attention to the prerequisites for resilience and the risks firms face when entering or scaling up in complex regional and global production networks (UNCTAD, 2024a).

In this context, improving trade logistics, connectivity, and regional integration is essential to transforming the trade landscape of Central and Eastern Africa. Doing so will not only boost productive capacities but also help both regions navigate external shocks more effectively and transition toward more diversified and sustainable economic models.

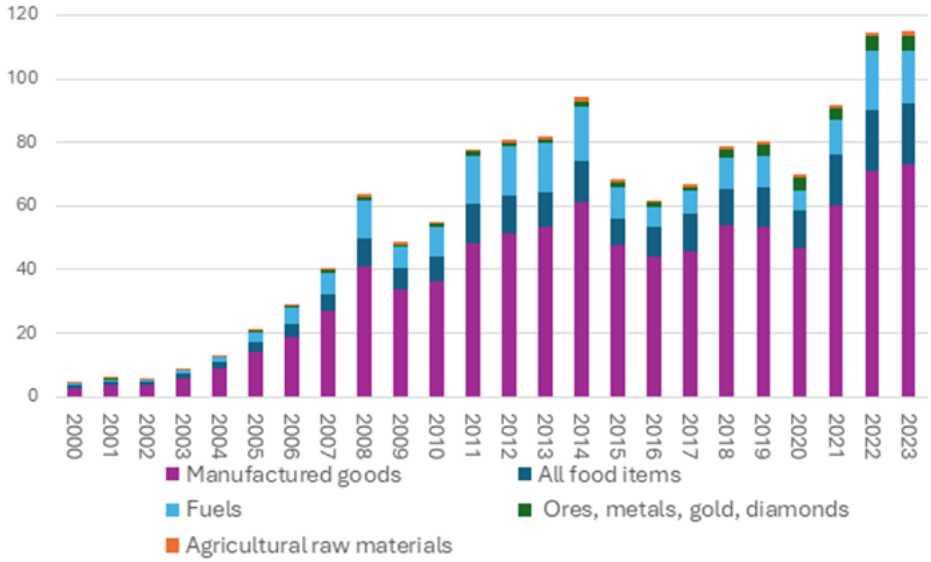
Table 1: Trade indicators - Central and Eastern Africa, 2023

	Central Africa	Eastern Africa
Exports		
Total ($ billion)	105.2	64.3
Total (% GDP)	41.9%	14.8%
Intra-regional ($ billion)	2.9	13.4
Intra-regional (% total exports)	2.8%	20.8%
Intra-regional (% GDP)	1.2%	3.1%
Rest of world ($ billion)	102.3	50.9
Imports		
Total ($ billion)	69.1	166.1
Total (% GDP)	27.5%	38%
# of products traded (average)		
Trade balance ($ billion)	36.1	-101.8
Trade balance (% GDP)	14.4%	-23.4%
GDP ($ billion)	251.1	433.4
Source: UNECA calculation based on UNCTADStat database and GDP from World Development Indicators, 2025. Note: Values are constant 2015 $US.		

Both regions depend on imports of manufactured goods and food items

Imports to Eastern Africa have significantly increased from $5 billion in 2020 to approximately $116 billion in 2023 (Figure 4). The region is dependent on imports of manufactured goods, which consistently account for the largest share of imports, comprising about 63% in 2023. Food imports have also risen steadily to $19 billion in 2023, or about 16% of total imports, reflecting the region's reliance on external food supplies. Fuel imports, another critical component, fluctuated, peaking at $19 billion in 2022 before slightly declining in 2023 to a total of 14% of total imports. The growing demand for fuels and food highlights exposure to prices on international markets and related supply chain disruptions. Further, Africa is highly dependent on the import of intermediary goods, only 16 of 54 African countries source more than 0.5% of intermediate goods regionally, reenforcing the dependance on global markets (UNCTAD, 2024a).

Figure 4 : Imports to Eastern Africa (constant $US billion)

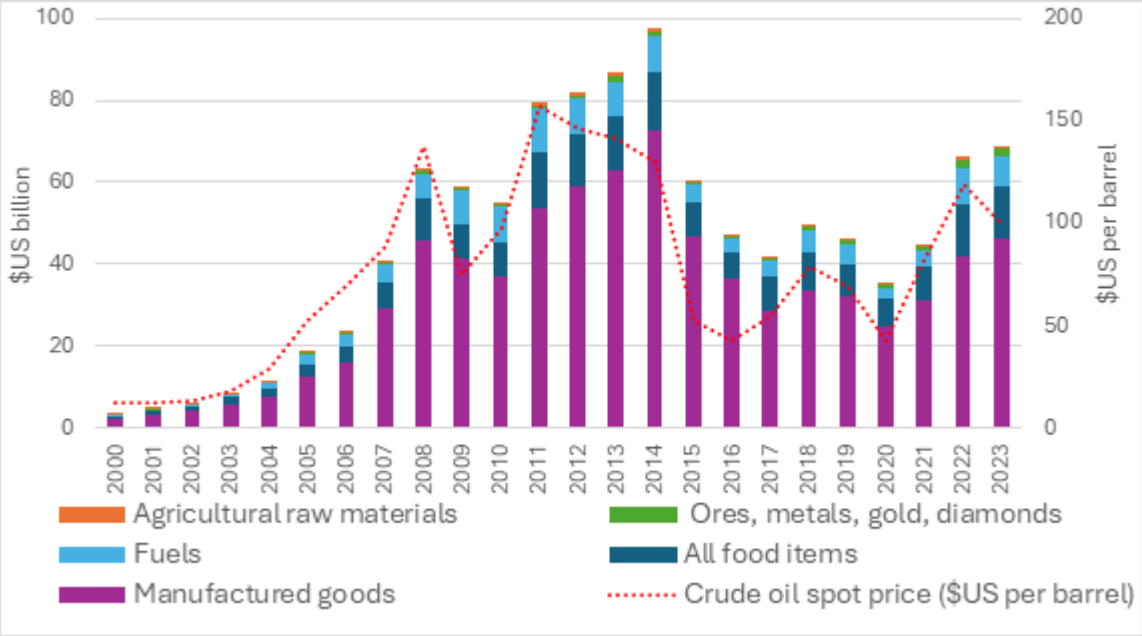


Source: UNECA calculations based on UNCTADstat database, 2025.

Note: The ores, metals, gold and diamonds group also include other precious stones. Countries included in Eastern Africa group; Burundi, Congo, Dem. Rep., Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Tanzania, Uganda, South Sudan and Somalia.

In contrast, Central Africa's import levels are significantly lower, with total imports reaching $69 billion (28% of GDP) in 2023 – compared to $116 billion (38% of GDP) of Eastern Africa. Manufactured goods dominate imports, accounting for 67% in 2023 (Figure 5). Food imports have also been increasing, surpassing $12 billion in 2023. However, fuel imports are lower than in Eastern Africa, reaching $7 billion in 2023, about 10% of total imports.

Figure 5 : Imports to Central Africa (constant $US billion)



Source: UNECA calculations based on UNCTADstat database, 2025.

Note: Countries included are the 11 ECCAS Member States: Angola, Cameroon, Central African Republic, Chad, Congo, Rep., DRC, Equatorial Guinea, Gabon and Sao Tome and Principe.

Eastern Africa's heavy reliance on food and fuel imports makes it vulnerable to external shocks such as global commodity price fluctuations, supply chain disruptions, and currency depreciation. The high importation of manufactured goods also indicates a strong reliance on the import of final and intermediary goods, which leaves room to further domestic industrial capacity.

Central Africa, while less exposed to fuel price shocks on the import side, faces structural vulnerabilities due to its heavy reliance on manufactured goods imports. Additionally, its relatively lower total import levels suggest constrained purchasing power, which may limit access to critical goods and technologies necessary for economic transformation.

Central Africa depends on fuel exports to global markets

Analysis of Central Africa's export profile between 2000 and 2023 reveals a continued dominance of fuel exports, which consistently accounts for the bulk of exports. In 2023, exports to the rest of the world cumulated to $US102, out of which $US66 or about 65% are fuel exports (UNCTADStat).

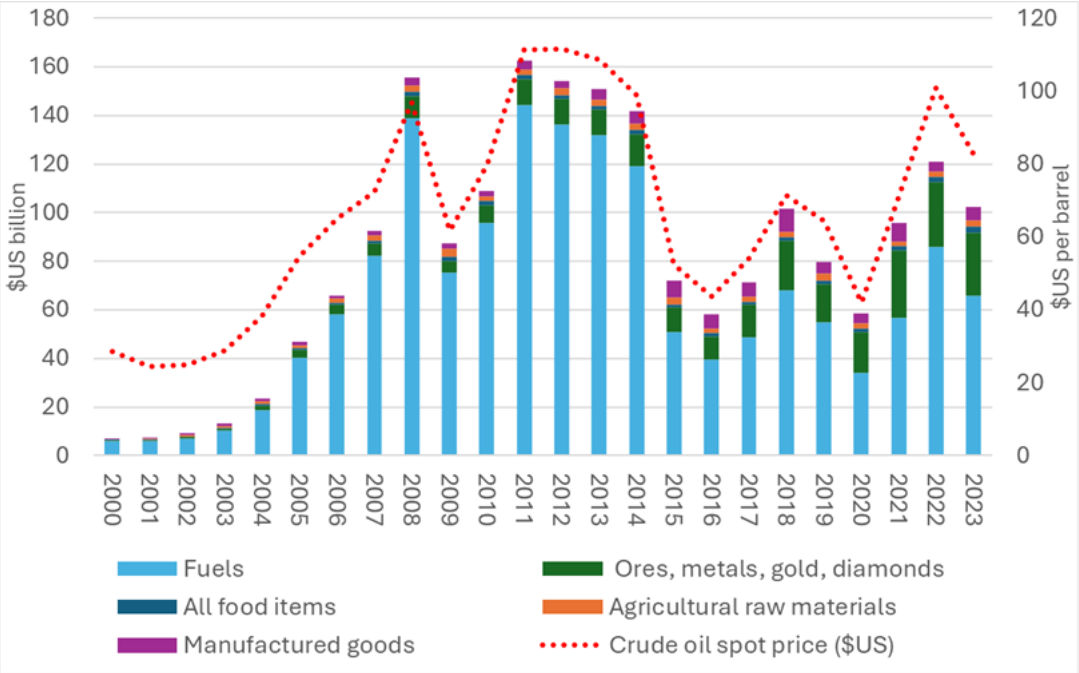
Periods of high crude oil prices, such as in 2008, 2012–2013, and 2022, correspond to peaks in export earnings—underscoring the region's heavy dependence on oil. Conversely, downturns in oil prices in 2009, 2015–2016, and 2020 led to sharp declines in export revenues, highlighting the region's exposure to external shocks (Figure 6)

Despite marginal gains in ores, metals, and manufactured goods since 2016, the overall export structure remains narrow and commodity dependent. Non-fuel sectors continue to represent only a small share of total exports, indicating limited progress in diversification. While export values began to recover in 2023 following

the COVID-19 shock, the rebound remains closely tied to fluctuations in global oil markets, reflecting persistent structural vulnerability.

This export pattern contributes to broader economic instability, affecting fiscal balances and limiting resilience to global disruptions. The lack of diversification and limited value addition in traded goods restricts inclusive growth and reduces the region's ability to withstand external pressures.

Figure 6: Central Africa – Exports to the Rest of the World ($US millions)



Source: UNECA calculations based on UNCTADstat database, 2025.

Note: Exports to the rest of the World include exports of ECCAS Member States to countries outside of ECCAS. ECCAS Member States include Angola, Cameroon, Central African Republic, Chad, Congo, Rep., DRC, Equatorial Guinea, Gabon and Sao Tome and Principe.

Eastern Africa's trade is growing, yet remains concentrated

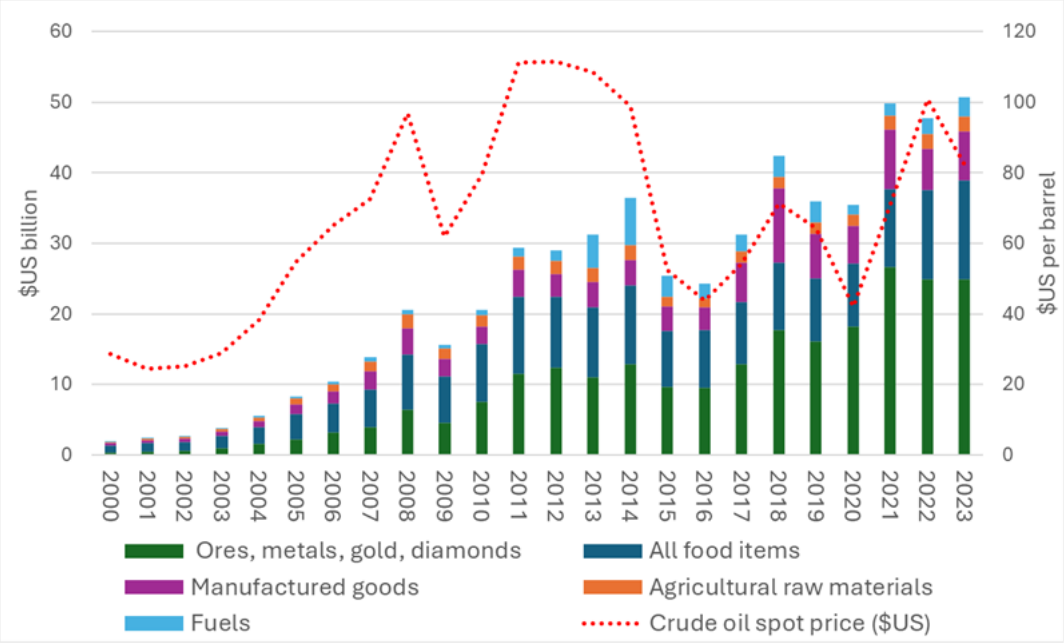
Trade in Eastern Africa remains structurally imbalanced, with a large negative trade balance, exports heavily concentrated in a few primary commodities, while imports are dominated by fuel, machinery, pharmaceuticals, vehicles, and food products.

In 2023, the region's main exports included minerals such as gold, cobalt, and lithium, alongside coffee, tea, oilseeds, and floriculture products. Uganda and Tanzania benefited from robust mineral exports, while Ethiopia and Rwanda maintained their strengths in horticulture and agri-based value chains. On the import side, countries across the region remained heavily reliant on extra-regional suppliers for refined petroleum, fertilizers, wheat, and capital goods (UNCTAD, 2024).

Despite these global headwinds, Eastern Africa displayed notable trade resilience in 2023. Regional exports expanded by 7%, in stark contrast to the 5% contraction in global merchandise trade and a 9% decline in Africa's overall exports. This relative strength was underpinned by robust performance in key export sectors and sustained demand in regional and select extra-regional markets (UNECA, 2025a).

The fuel and ores, metals, gold and diamonds sectors, while present in intra-regional exports, have a more dominant role in trade with the rest of the world, with ores, metals, and previous stones representing $25 billion or 49% of global exports in 2023, food items and manufactured goods in contrast to intra-regional trade, constitute 40% of total global exports.

Figure 7: Eastern Africa - Exports, rest of the World (constant $US billion)



Source: UNECA calculations based on UNCTADstat database, 2025.

Note: Countries included in Eastern Africa group; Burundi, Congo, Dem. Rep., Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Tanzania, Uganda, South Sudan and Somalia.

When comparing trade trends between Central and Eastern Africa some key similarities and differences emerge. Both Central and Eastern Africa have experienced significant growth in exports/imports over the years, starting from a low base in 2000 and peaking at various points. While intra-regional trade has expanded, it remains small, for Central Africa, compared to their total exports, indicating a strong reliance on international markets.

Both regions rely heavily on commodity exports, making them vulnerable to global price fluctuations. Central Africa has a high dependence on fuel exports, leading to significant volatility in total export value, co-varying with crude oil prices. Eastern African exports are less concentrated than in Central Africa. On the import side both regions are dependent on imports, in particular on manufactured goods and food items.

Intra-African Trade as an Engine Structural Transformation

The AfCFTA offers a transformative opportunity to shift trade patterns in both regions. Full implementation, including tariff liberalization and non-tariff barrier reduction, could raise intra-African trade by 45% (or $275.7 billion) by 2045, with the strongest growth in agrifood (60%), industrial goods (48%), and services (34%) (UNECA, 2025f). Most governments in Central and Eastern Africa have already adopted national AfCFTA strategies, but implementation challenges persist.

Despite some progress, intra-African trade remains below its potential in Central and Eastern Africa. In Central Africa, intra-regional exports increased from $149 million in 2000 to $3 billion in 2023 (UNCTADStat, 2025), yet they still represent just 2.8% of total exports and about 1.2% of GDP. In contrast, Eastern Africa exported $13.4 billion intra-regionally in 2023, or 21% of total exports and 3.1% of GDP (Table 1). This gap underscores disparities in regional integration and the potential role of trade in driving structural change.

In Central and Eastern Africa, intra-regional trade is more diversified, with a greater share of manufactured goods (37% and 31%) and food products (22% and 26%), and less reliant on primary commodity exports (Table 2). These patterns demonstrate the potential for developing regional value-added trade networks, as a means to reduce potential risks from global shocks.

Table 2 : Intra-Regional vs. Global Exports (% of total exports, 2023)

Region	Destination	Fuels	Ores, and metals	Manufactured Goods	Food items
Central Africa	Intra-regional Exports	19%	12%	37%	22%
	Global Exports	63%	9%	10%	8%
Eastern Africa	Intra-regional Exports	0.4%	5%	31%	26%
	Global Exports	10%	49%	15%	14%

Source: UNECA calculations based on UNCTADstat database, 2025.

By harmonizing trade and investment policies and fostering regional value chains, the AfCFTA can help countries transition from raw commodity exports toward higher-productivity, inclusive growth. Strategic alignment of national and regional priorities will be essential to unlock these gains.

Informal Trade: An Invisible Engine for Growth

Informal cross-border trade (ICBT), also called informal trade, is trade across international borders that is not captured in customs or other official records and thus value is not captured in the formal trade statistics presented above (UNECA forthcoming). This leads to a significant underestimation of intra-regional trade.

Yet, informal trade matters for Central and Eastern Africa, in terms of size and as a source of livelihoods. According to UNECA (2021a), it is estimated that informal trade accounts for between 7% and 16% of total intra-African trade flows, and between 30% and 72% of formal trade between neighboring countries. It is estimated that informal trade serves as a source of income for about 43% of Africa's population (Afreximbank, 2020).

While there are no regional estimates of informal trade, national estimates highlight the extent of the phenomena. In Cameroon alone, informal imports from neighboring countries were valued at $436 million

and exports at $306 million in 2022—equivalent to 214% and 96% of formal regional trade, respectively (Cameroon INS, 2022).

In Eastern Africa, Uganda's informal exports reached $567 million in 2023, 8.2% of total exports, and imports stood at $124 million (UBOS, 2024). In 2022, Rwanda recorded $131 million in informal exports and $6.6 million in imports (National Bank of Rwanda, 2023).

UNECA (2023c) highlights that around 80% of informal traders are unaware of AfCFTA provisions, pointing to the need for greater outreach and policy support. Formalization, improved awareness, and cross-border trade facilitation are critical to ensuring the benefits of AfCFTA are inclusive and accessible to all economic actors.

These findings underscore the transformative potential of AfCFTA and regional trade integration to accelerate structural change. By deepening regional value chains and supporting industrial and agro-processing sectors, countries can reduce dependence on primary commodity exports and foster inclusive, resilient growth.

2.3. Unlocking Intra-African Trade through Infrastructure and Connectivity

While intra-regional trade has significantly increased, reaching $2.9 billion in Central Africa and $13.4 billion in Eastern Africa (UNCTADStat), infrastructure and logistics bottlenecks continue to constrain regional integration, economic diversification, and competitiveness. These challenges, though varying in specifics across subregions, are commonly rooted in infrastructural gaps, high transport costs, and regulatory complexity. Unlocking the full potential of intra-African trade, especially under the AfCFTA, demands a coordinated regional response and deep investment in infrastructure.

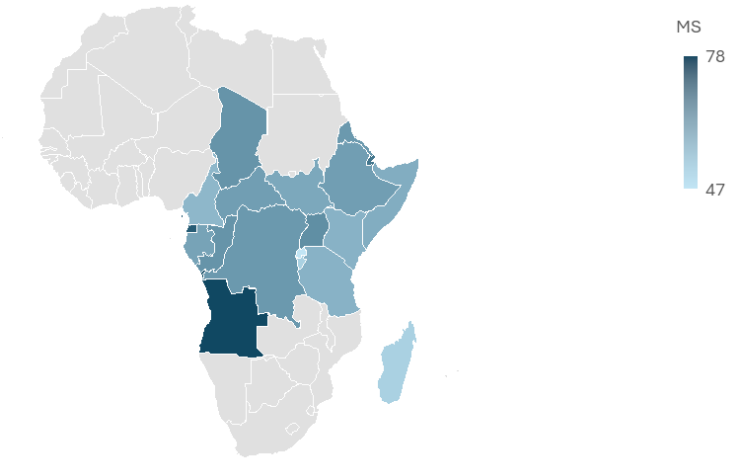
Despite some progress, Central Africa continues to lag in regional integration due to persistent infrastructure deficiencies, including low road and rail connectivity, limited port throughput, and outdated storage facilities. These constraints significantly hamper trade competitiveness and economic integration.

In response, regional initiatives such as the *Central African Transport Master Plan* (PDCT-AC), adopted in 2023, aim to establish a cost-effective, interconnected transport network. However, implementation has been slow (UNECA, 2023d).

Additionally, the CEMAC Economic and Financial Reform Program (PREF CEMAC) (CEMAC, 2016) promotes *integrative projects* that are central to improving regional infrastructure and connectivity. These projects focus on transport corridors, energy interconnection, and trade facilitation, and are designed to remove structural barriers to regional integration and foster shared economic growth. While PREF-CEMAC provides a strategic framework for priority investments, progress remains uneven, often hindered by financial, institutional, and political constraints.

One of the key determinants of trade performance is road quality. Using data from the IMF's "Road Quality and Mean Speed Score" (Moszoro & Soto, 2022), the Mean Speed (MS) Score provides a direct indicator of road infrastructure quality by measuring travel speeds between major cities. This novel data on road quality measures the mean travel speed between large cities, using data from Google Maps. A higher MS score indicates faster and more reliable movement of goods and people.

Figure 8 : Road quality score in Eastern and Central Africa



Source: Moszoro & Soto (2022): "Road Quality and Mean Speed Score"

The average MS score is 61.5 in Central Africa and 58.1 in Eastern Africa, compared to an African average score of 68.3Angola (score 78) and Equatorial Guinea (score 74) have the highest scores better connectivity, better road conditions and lower trade costs, while Rwanda (score 47) and Burundi (score 51), and Cameroon (score 56), show lower connectivity (Figure 8) This data aligns with regional disparities in road quality and underscores the need for investment in road upgrading as a critical trade facilitator.

Eastern Africa has made relatively greater strides in developing key regional corridors, such as the Northern and Central Corridors, has strengthened connectivity between Kenya, Uganda, and Rwanda. However, challenges persist, including port congestion (especially at Mombasa and Dar es Salaam), and low inland connectivity. Still, these corridors present strong opportunities for continued growth through targeted upgrades.

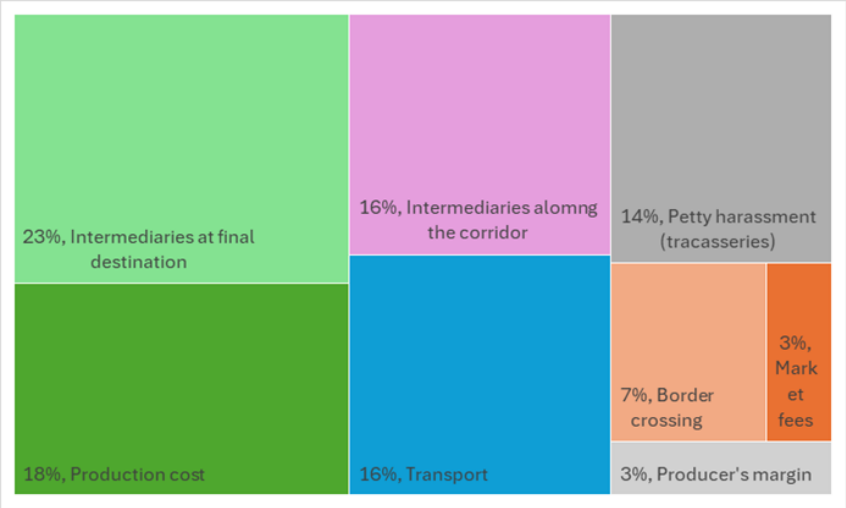
Transport corridor efficiency is particularly critical for landlocked nations such as Chad, the Central African Republic, Rwanda, and Uganda, which depend on neighboring countries for maritime access (UNECA, 2022). In Central Africa, trade routes such as the Douala–N'Djamena and Douala–Bangui corridors are vital but remain hindered by unpaved roads, excessive checkpoints, and limited border harmonization. In 2006, 37% of the roads along these corridors were in deteriorated condition, but this reduced to 16% by 2015 following infrastructure investments (AfDB 2021). Nevertheless, corridor reliability remains low due to remaining infrastructural gaps.

The performance of transport corridors is measured by factors like port dwell times, border crossing efficiency, and infrastructure quality. For example, Rwanda and Uganda depend on Kenya and Tanzania's ports, while Chad and the Central African Republic rely on Cameroon's port of Douala (UNECA, 2022) Disruptions from political instability, climate shocks, or logistical inefficiencies in these transit countries can severely impact regional trade flows.

Transport costs are disproportionately high in landlocked Central African countries, sometimes reaching 45% of the value of imports and 35% of exports—far above the global benchmark of 5.4–8.8% (tralac, 2016). These elevated costs are driven by both variable (fuel, repairs) and fixed (licensing, security, customs) factors. Without coordinated investment and harmonization, these structural issues will continue to undermine productive capacity and hinder global trade participation.

For example, a study by the World Bank (2018a) highlights that non-tariff barriers-including border taxes and sanitary and phytosanitary (SPS) requirements—continue to impede the free flow of goods. These challenges are clearly illustrated in the cost structure of trade along the Cameroon–Gabon corridor. Figure 9 shows how a combination of transport inefficiencies, informal payments, and intermediary costs significantly inflates the final consumer price of goods.

Figure 9 : Price buildup Cameroon Gabon road corridor (% of final consumer price)



Source: Estimated based on data collected for World Bank (2018a)

This breakdown highlights the urgent need to streamline logistics, reduce informal fees, and support producers in capturing a fairer share of the final value. Reducing the layers of inefficiencies can directly benefit both consumers and producers, while strengthening the region's trade competitiveness.

Air transport offers another lens through which to assess regional connectivity. Eastern Africa has seen relatively higher liberalization and investment in air infrastructure compared to Central Africa. Between 2000 and 2021, the total number of air passengers in Eastern Africa increased significantly from 3.8 million in 2000 to 12 million in 2021 (World Bank Development Indicators, 2025) Ethiopia alone accounted for more than half of this total during the period, with Ethiopian Airline being the largest airline in Africa. In comparison, Central Africa saw a more modest rise in air passengers, increasing from 1.3 million in 2000 to 1.8 in 2021 (World Bank 2024a).

The implementation of the Single African Air Transport Market (SAATM) provides an opportunity to bridge this divide. Full liberalization under SAATM could raise intra-African air traffic by 51%, generate $4.2 billion in GDP, and create nearly 600,000 jobs continent-wide—benefits that would particularly uplift under-connected regions like Central Africa. (UNECA, 2025a). However, Central Africa still requires substantial investment to expand air traffic capacity and reduce costs, especially for its landlocked economies. Air transport could significantly complement surface transport systems by enhancing trade facilitation, mobility, and resilience to disruptions.

2.4. Beyond Infrastructure: Structural Barriers and Trade Enablers

Central and Eastern Africa are making headway toward greater regional trade integration, backed by growing political will, regional collaboration, and the promise of the AfCFTA. Yet persistent structural barriers ranging from regulatory complexity and coordination gaps to insecurity continue to constrain trade flows. At the same time, progress in harmonizing standards, digitizing customs, and expanding trade finance offers a pathway to unlock the region's full commercial potential.

2.4.1. *Regulatory Complexity, Tariffs and Non-Tariff Barriers*

High tariffs, burdensome customs, SPS requirements, and informal fees continue to raise transaction costs and limit access to formal markets in Central Africa (World Bank, 2018a). These inefficiencies push trade into the informal economy, undermining state revenue (AfDB, 2019; World Bank, 2018a). Eastern Africa faces similar challenges, including inconsistent documentation and uneven adoption of digital customs systems, leading to fragmented cross-border flows (Demena, 2022).

In Central Africa, overlapping regulations, weak enforcement, and corruption reduce the predictability of trade (FAO, 2023). The lack of policy harmonization limits corridor functionality and deters investment. Eastern Africa, despite more frequent reforms, still struggles with uneven implementation of WTO-aligned trade agreements (WTO, 2019; tralac, 2019). Over 700 regional standards have been harmonized, but adoption remains uneven (The East African, 2023). Divergent VAT regimes, licensing rules, and overlapping REC memberships (e.g., COMESA, ECCAS, SADC) further complicate coherence (TradeMark Africa, 2019).

Voluntary sustainability standards (VSS) and due diligence rules particularly from the EU and US—are becoming major trade gatekeepers. Compliance costs and certification burdens are especially hard on SMEs and smallholders (UNCTAD, 2024d). Eastern Africa is relatively better prepared, but Central Africa is lacking in institutional capacity. Harmonizing VSS under the AfCFTA and investing in technical assistance will be critical for global market integration (UNCTAD, 2024d).

Trade finance remains a key constraint. In Eastern Africa, SMEs, the backbone of the export economy, struggle with high interest rates, collateral demands, and risk-averse banking (FSD Africa, 2021). In Central Africa, limited rural banking and informal trade dominate. Expanding access to finance and tailoring products to small-scale traders could spur inclusive growth.

2.4.2. *Security as a Precondition for Trade*

Conflict and insecurity threaten trade viability. For example, in Eastern DRC, conflict has forced traders onto unsafe river routes, as border posts and banks in Goma and Bukavu have shut (Associated Press, 2024; The East African, 2024b). In Central Africa, insecurity on key corridors linking Cameroon, Chad, and the Central African Republic has worsened, with ransom payments rising from CFA 43 million in 2022 to CFA 52.4 million in 2023 (The Guardian, 2024). Instability in the Lake Chad region has also raised transport costs and disrupted trade (AfDB, 2022).

Security risks not only increase the cost of goods, but also disproportionately affect women, who often dominate informal cross-border trade but often operate in unregulated settings. Women face extortion, violence, and long border delays—sometimes spending days away from home due to excessive inspections

(UNCTAD, 2019b; FAO, 2017; Jawando et al., 2012). Addressing these gender-specific vulnerabilities is essential to achieving inclusive trade outcomes and formalizing the informal economy.

2.4.3. Pathways Forward

Central and Eastern Africa continue to face a complex mix of structural trade constraints, including infrastructure gaps, regulatory inefficiencies, governance challenges, and limited access to finance. While both regions struggle with low levels of intra-regional trade and vulnerability to external shocks, they differ in the scale and nature of their constraints. Central Africa, in particular, has been slower in implementing coordinated transport and trade infrastructure plans, while Eastern Africa has made incremental but notable progress in regulatory reforms, infrastructure development, and regional trade facilitation.

Unlocking the trade and development potential of both regions requires a dual-track approach: short-term action to improve transport infrastructure and remove non-tariff barriers, and longer-term strategies to build institutional capacity, harmonize policies, and strengthen regional cooperation. The Transport Master Plan for Central Africa (PDCT-AC), for example, provides a foundational blueprint for physical connectivity but must evolve into a corridor-based spatial development strategy. This approach should align infrastructure investments with the needs of productive sectors like agriculture, mining, manufacturing, and tourism, transforming transport corridors into economic development corridors that stimulate value chain growth and regional agglomeration.

Institutional strengthening is vital. Regional bodies such as ECCAS, CEMAC, and BDEAC must be given stronger mandates and political backing to coordinate cross-border initiatives, standardize procedures, and promote public-private partnerships. A more integrated and development-oriented planning model—one that treats transport not as a standalone sector but as a lever for economic transformation—is needed to close the infrastructure and productivity gap between Central and Eastern Africa.

Ultimately, closing the intra-regional trade gap is not merely a logistical challenge; it is a multidimensional development task. It will require visionary leadership, innovative financing, stronger stakeholder engagement, and harmonized policy frameworks across national and regional levels. By integrating infrastructure development with broader socio-economic objectives and leveraging the AfCFTA as a catalyst for cooperation, Central and Eastern Africa can shift from fragmented trade networks to dynamic, integrated, and shock-resilient regional economies.

3. The impact of global shocks on Central and Eastern African economies

Over the past two decades, Central and Eastern Africa have experienced a series of overlapping global shocks that have significantly disrupted their development trajectories. These shocks, ranging from the 2007/08 global financial crisis and the 2014 end of the commodity supercycle, to the 2020 COVID-19 pandemic and the 2022 Russia–Ukraine conflict, have exposed structural vulnerabilities and magnified existing macroeconomic imbalances across both subregions (AfDB, 2024a; IMF, 2023a).

While both regions are highly susceptible to external shocks due to their dependence on commodity exports, food imports, and limited fiscal buffers, the impacts have been asymmetric, reflecting differences in economic structures, trade diversification, and resilience capacities. For example, Central Africa's heavy reliance on crude oil exports (e.g., Angola and Congo derive over 70% of export revenues from oil) has made it particularly sensitive to commodity price cycles (UNCTAD, 2024). In contrast, Eastern Africa, though more diversified,

remains vulnerable to external food and fertilizer price shocks due to high import dependence and low agricultural productivity.

Data show that these shocks have led to repeated spikes in inflation (with Eastern Africa reaching 17.1% in 2008 and over 30% in 2022 in countries like Ethiopia and South Sudan), rising debt burdens (e.g., Rwanda and Djibouti exceeding 80% of GDP in 2023), and chronic food insecurity affecting over 313 million people in Eastern Africa and 157 million in Central Africa, equivalent to 65% and 78% of their populations respectively (FAOStat, 2024).

Box 2 : Key Global Shocks and Their Impacts

2007/2008 – Global Financial Crisis:

- Impact: Decline in global demand led to a fall in export revenues, especially for commodity-dependent economies like Angola, Congo, and Gabon.
- Outcome: Slower growth reduced foreign investment, and fiscal tightening in both subregions.

2014 – End of the Commodity Supercycle:

- Impact: Sharp fall in commodity prices (notably crude oil and minerals) hit resource-rich Central African countries hard, with Angola and Congo facing significant revenue losses and debt pressures.
- Eastern Africa, being more agriculture-based, was less directly impacted by falling oil prices but suffered reduced remittances and trade.

2020 – COVID-19 Pandemic:

- Impact: Severe disruption in supply chains, collapse in tourism (notably Seychelles, Kenya, Uganda), and rising public debt due to emergency spending.
- Food insecurity and inflation spiked due to supply constraints, especially in fragile states like South Sudan, Somalia, and Burundi.

2022 – Russia- Ukraine conflict:

- Ukraine and the Russian Federation supply about 30% of global wheat and barley, 20% of maize, and over 50% of sunflower oil (UNCTAD, 2022e).
- Impact: Soaring global food and fuel prices disproportionately affected net food and oil importers, including Burundi, Ethiopia, and Uganda.
- The crisis exacerbated existing food insecurity, disrupted fertilizer access, and intensified inflation pressures across the region.

3.1. Central and Eastern Regions: varying responses to global shocks

However, the two subregions experience these challenges differently, reflecting distinct economic structures and resilience capacities. Common Challenges include high food insecurity, with prevalence often exceeding 70%, particularly in countries like the Central African Republic (81.3%), South Sudan (87.3%), and Somalia (79.7%) and a narrow export base, reflected in a relatively low number of export products (e.g., Chad – 46, South Sudan – 36, Comoros – 14), making them vulnerable to external shocks (Table 2).

Differences between Central and Eastern Africa lie in key economic indicators (Table 2). Inflation is notably higher and more volatile in Eastern Africa, with countries like Ethiopia (30.2%), South Sudan (39.7%), and Burundi (27.1%) facing severe price pressures, while Central Africa maintains relatively low and stable

inflation, such as in Gabon (3.6%) and Chad (4.1%). External debt levels are more varied in Eastern Africa, ranging from high in Rwanda (51.4%) and Eritrea (42.2%) to low in the DRC (16.8%), whereas Central African countries generally exhibit moderate debt levels between 28–46%. In terms of economic resilience, Eastern African nations like Kenya (228 export products) and Tanzania (215) are more diversified and thus better positioned to absorb external shocks, in contrast to Central African economies like Equatorial Guinea (28) and Sao Tome and Principe (19), which remain highly dependent on a narrow export base.

Table 3 : Economic indicators by country

Country	External debt	Inflation	Food insecurity	Export concentration
	External debt (% GNI), 2023	Consumer price Index, 2023	Prevalence of moderate or severe food insecurity in the total population (percent), 2021-2023 average	Number of export products, 2023
Central Africa				
Angola	74.3	13.6	79.2	146
Cameroon	31.7	7.4	59.6	194
Central African Rep.	37.7	3.0	81.3	39
Chad	24.8	10.8	76.6	46
Congo	53.5	4.3	79.9	125
Equatorial Guinea	9.0	2.4	-	28
Gabon	41.2	3.6	-	129
Sao Tome and Principe	66.2	21.3	54.6	19
Central & Eastern Africa				
Burundi	39.4	26.9	70.8	54
Rwanda	82.4	14.0	-	184
Congo, Dem. Rep.	17.2	23.8	80.2	131
Eastern Africa				
Comoros	28.2	9.1	79.7	14
Djibouti	85.6	1.8	49.2	190
Eritrea	42.2	6.4	-	38
Ethiopia	20.4	30.2	59	177
Kenya	40.4	7.7	72.8	228
Madagascar	41.8	9.9	68.6	120
Seychelles	27.0	-1.0	14.3	93
Somalia	27.7	4.5	79.7	40
South Sudan	35.2	39.7	87.3	36
Tanzania	44.6	3.8	58.2	215
Uganda	40.6	5.4	71.2	208

Source: IMF, National statistical agencies, FAO and UNCTADStat, World bank group and African development Bank

Note: Central Africa group includes the 11 ECCAS Member States, Eastern Africa group includes 14 countries according to UNECA definition.

3.2. Macroeconomic impact

Central and Eastern Africa remain vulnerable to macroeconomic shocks due to a combination of structural economic factors, fiscal constraints, and external dependencies. Factors such as high public levels, inflation volatility, and limited monetary policy tools. Understanding the dynamics of these shocks and their broader implications - particularly on food security - is critical for designing effective policy interventions.

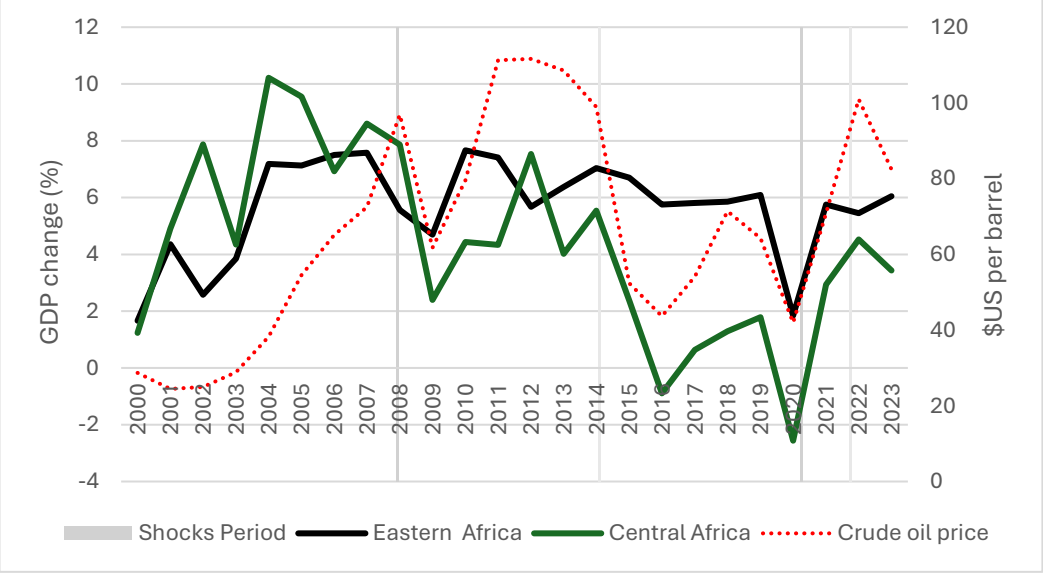
3.2.1. *Economic Growth Patterns*

Figure 10 illustrates the annual GDP growth rates of overtime in Eastern and Central Africa, highlighting the correlation between these trends and recent global shocks. The underlying productive capacities and trade structures in each region expose them to different shocks and to different degrees.

The 2007/2008 global financial crisis and the COVID-19 pandemic had a detrimental effect on the growth rates in both subregions. The decline in growth associated with these shocks is notably significant in each case.

The heavy reliance of Central African economies on crude oil exports, coupled with limited economic diversification, causes the region's growth pattern to closely mirror fluctuations in crude oil prices. Crude oil prices peak at $112 per barrel in 2012, coinciding with high regional growth rate of 7.56% (Figure 10). However, by 2016, crude oil prices had fallen to 43.64, which was accompanied by a negative regional growth rate of -0.89% (Figure 10). This co-movement underscores the significant impact that global commodity price shifts, particularly in oil, have on the economic performance of the region. The end of the commodity supercycle in 2014, followed by the global economic slowdown triggered by the COVID-19 pandemic, and related supply chain disruptions resulted in three significant shocks within less than a decade, severely impacting Central Africa's growth (OECD, 2024).

Figure 10 : Annual average GDP growth (%) and crude oil spot price ($US/barrel)



Source: *WB World Development Indicators 2025*
Note: *Shocks: 2007/2008 – Global Financial Crisis, 2014 – End of the commodity Supercycle, 2020 – Covid-19 pandemic, 2022 – Ukraine crisis shock; Crude oil price is the Brend crude oil spot price at $US per barrel.*

Eastern Africa is expected to remain the fastest-growing region on the continent, with GDP growth projected to rise from 1.5% in 2023 to 5.7% by 2025, supported by public investment in infrastructure and broader economic diversification (AfDB, 2024). While still exposed to global shocks, the region's expanding trade networks and more varied economic base have helped cushion the impact of external disruptions, contributing to a relatively stable growth trajectory despite domestic and regional volatility.

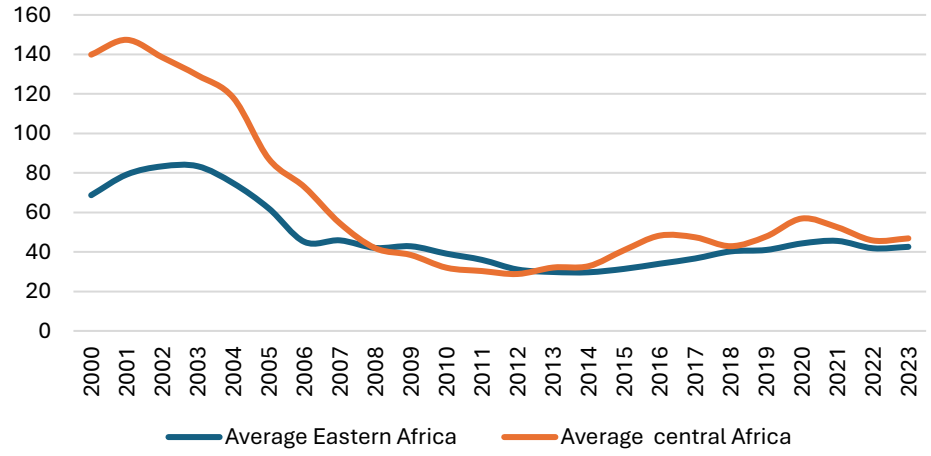
In contrast, Central Africa's growth is forecast to moderate from 4.3% in 2023 to 4.1% in 2024, with a rebound to 4.7% by 2025. The region remains constrained by stagnating oil production, weak structural transformation, and limited regional integration (IMF, 2024). While both subregions face external risks, full implementation of the AfCFTA offers a strategic opportunity to accelerate diversification, enhance resilience, and unlock private sector growth across the continent (AfDB, 2024a).

3.2.2. Public Debt and Fiscal Constraints

One of the most pressing challenges is the high level of public debt across many countries in Eastern and Central Africa, which significantly constrains governments' ability to deploy countercyclical fiscal policies during economic downturns (IMF, 2023a). These fiscal limitations are further exacerbated with shallow domestic financial markets and a persistent reliance on external borrowing

Yet, Figure 14 shows that over time, the average external debt-to-GDP ratio in both Central and Eastern Africa has declined, signaling improved debt sustainability across the regions. This downward trend reflects ongoing efforts by some governments to strengthen fiscal frameworks and manage external borrowing more prudently. However, the observed decline in the average external debt-to-GDP ratio across the regions is largely attributed to an averaging effect. Despite the overall decrease, several countries continue to experience high levels of debt. For instance, Djibouti and Rwanda recorded external debt-to-GDP ratios exceeding 80%, Angola's stood above 70%, and São Tomé and Príncipe's surpassed 60% in 2023. These figures indicate that, while the regional average may have declined, significant debt vulnerabilities persist in certain countries.

Figure 11 : External debt (%GNI) in Eastern and Central Africa (2000–2023)



Source: World Bank Development Indicators (2024)
Note: *Shocks: 2007/2008 – Global Financial Crisis, 2014 – End of the commodity Supercycle, 2020 – Covid-19 pandemic, 2022 – Ukraine crisis shock*

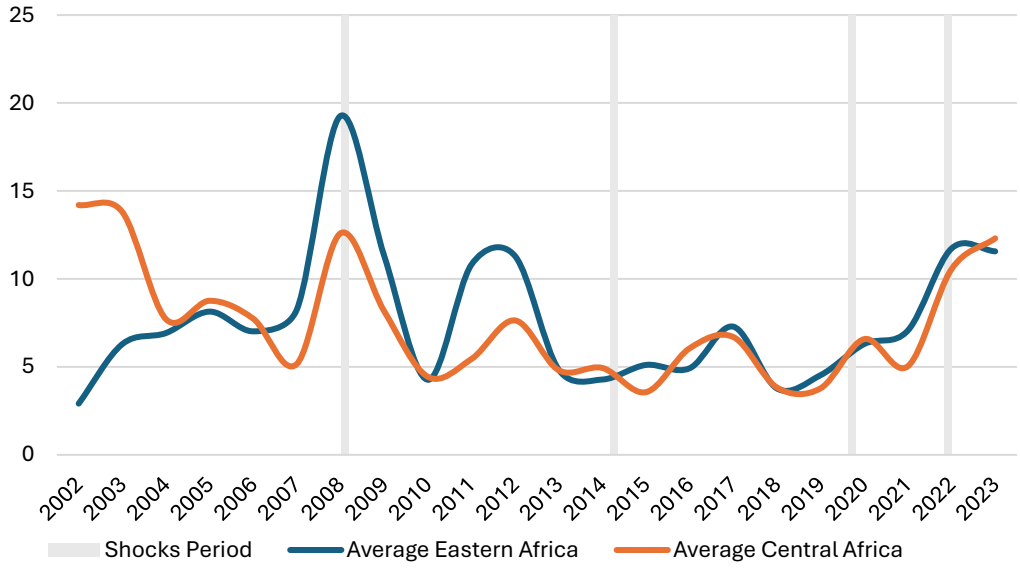
3.2.3. *Inflation Trends and Volatility*

Eastern Africa shows greater inflation volatility, with significant spikes during each major crisis period—most notably during the 2007/08 global financial crisis (peaking above 17%), the 2020 COVID-19 pandemic, and again post-2022 in the wake of the Russia–Ukraine conflict. These peaks reflect the region's sensitivity to global supply chain disruptions, energy and food price shocks, and limited monetary buffers (Figure 13).

In contrast, Central Africa experiences lower and more stable inflation across the same period, with only modest increases during global crises, and some increase post-2022. This relative stability is partly attributed to the CFA franc's euro peg for CEMAC countries, consisting of 6 out of 11 countries in the Central Africa group, though it curtails monetary autonomy, it has arguably contributed to macroeconomic resilience by anchoring inflation expectations (UNCTAD, 2024a).

Importantly, the post-2020 trend shows inflation rising in both subregions, converging near 10% by 2023—suggesting that recent global shocks have eroded Central Africa's previous price stability advantage, while Eastern Africa continues to grapple with entrenched inflationary pressures.

Figure 12 : Inflation Trends in Eastern and Central Africa (2000–2023)[3]



Source: World Bank, World Development Indicators 2024

Note: *Shocks: 2007/2008 – Global Financial Crisis, 2014 – End of the commodity Supercycle, 2020 – Covid-19 pandemic, 2022 – Ukraine crisis shock.*

[3] Average Eastern Africa excludes DRC, and South Sudan while average central Africa excludes DRC because the 2 countries data are outliers

3.2.4. Export Concentration and Trade Dependence

Export-to-GDP ratios are a useful indicator of an economy's exposure to external demand and global volatility. While high export dependence can enhance trade integration and foreign exchange earnings, it also increases vulnerability to global shocks.

Trade structures in the region heighten this vulnerability. Central African economies, such as Chad, Gabon, Central Africa Republic and the Republic of Congo, depend heavily on exports of oil, minerals, and timber, making them sensitive to global commodity price swings. Eastern Africa is similarly reliant on commodity exports like coffee, tea, and cotton. At the same time, dependence on imported essentials, such as food and intermediate goods, exposes both subregions to external supply chain shocks and price volatility (World Bank, 2018).

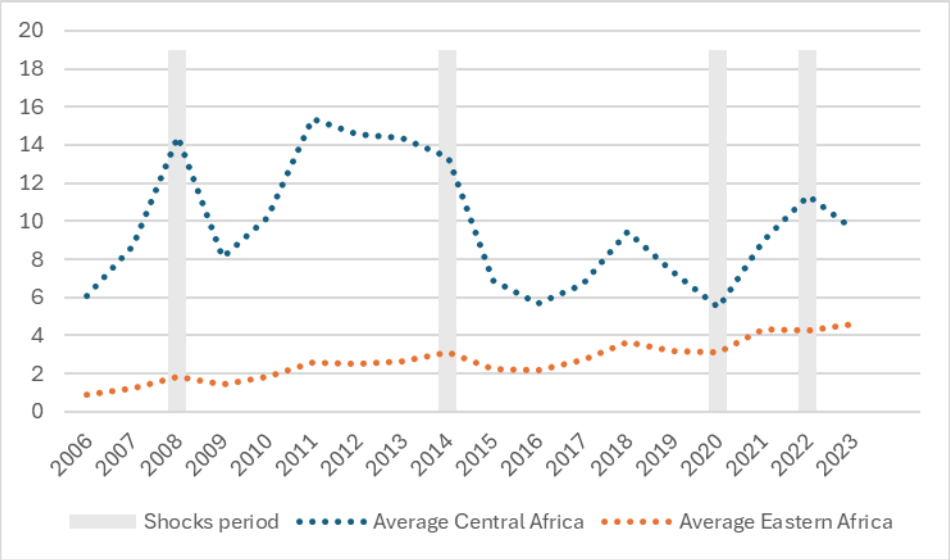
These dynamics are illustrated in the figure below, showing average export-to-GDP ratios for Central and Eastern Africa from 2006 to 2023, alongside major global shocks (the 2007/2008 financial crisis, 2014 oil price collapse, COVID-19 in 2020, and the Russia-Ukraine conflict in 2022). Export performance declined during these events in both regions, except for COVID-19 and the 2022 conflict in Eastern Africa.

This is reinforced by the low export diversification seen in countries like Sao Tome and Principe (19 export products), Equatorial Guinea (28), Central African Republic (39), and Chad (46). Even larger economies such as Angola (146) and Congo (125) remain heavily concentrated in extractive industries, making them highly sensitive to global commodity price swings (Table 1).

In contrast, Eastern Africa displays a more diversified export base, with countries like Kenya (228 export products), Tanzania (215), and Uganda (208) leading in export variety. This broader product mix provides a buffer against external shocks, contributing to the region's relatively more stable export performance during recent crises. However, countries like Comoros (14), South Sudan (36), and Somalia (40) still show extreme export concentration, highlighting pockets of persistent vulnerability (Table 1).

Importantly, both subregions remain highly dependent on imported essentials, such as food, fuel, and intermediate goods, exposing them to external supply chain disruptions and price volatility (World Bank, 2018). This dual dependence on narrow export bases and broad import needs intensifies exposure to global trade shocks.

Figure 13 : Exports/GDP ratio (2000 –2023)



Source: UNCTADStat 2025

3.3. Exposure to climate and food price shocks

In addition to macroeconomic vulnerability, Central and Eastern Africa face growing exposure to climate and food price shocks that compound existing structural weaknesses. These shocks threaten livelihoods, deepen food insecurity, and undermine long-term development, particularly in agriculture-dependent economies. This section explores how increasing climate volatility and global food market disruptions are intensifying economic vulnerability across both subregions.

3.3.1. Exposure to climate shocks

Climate shocks are an increasingly critical threat to the economies of Central and Eastern Africa, exacerbating existing structural vulnerabilities and undermining progress towards food security and economic stability. Both subregions face rising frequency and intensity of climate-related events, including droughts, floods, cyclones, and heatwaves that directly impact agricultural productivity, livelihoods, trade and infrastructure (UNECA, 2025c; World Bank 2024b).

In 2023 alone, weather extremes were the primary driver of acute food insecurity for 57 million people globally which is double the number in 2021 (FSIN & Global Network Against Feed Crisis, 2023). The risks are especially acute in Eastern Africa, where climate change is projected to cause some of the most severe impacts on agricultural output in the world (IPCC, 2023). For example, Ethiopia's agricultural output could decline by one-third under a high-warming scenario, while agricultural productivity across Eastern Africa may have already fallen by 21–40 percent due to past climate impacts (Ortiz-Bobea et al., 2021; IMF, 2022). a high-warming scenario, while agricultural productivity across Eastern Africa may have already fallen by 21–40 percent due to past climate impacts (Ortiz-Bobea et al., 2021; IMF, 2022).

Both subregions remain heavily dependent on climate-sensitive sectors: over 60% of the labor force is engaged in agriculture, the vast majority of which is rain-fed and thus exposed to rainfall variability and extreme heat (World Bank, 2023). Irrigation rates remain among the lowest in the world, particularly in

Central Africa (FAO, 2024). A mere 1°C temperature increase in developing countries is linked to a 3-percentage point reduction in agricultural output and a 1.3-percentage point decline in economic growth (IMF, 2022), underscoring how climate shocks translate directly into macroeconomic risks. Furthermore, fisheries-related employment is also vulnerable jobs around Lake Tanganyika are projected to decline by nearly 30% by 2050 due to warming and ecosystem disruption (IMF, 2022).

The impact of climate shocks on the two regions expands beyond agriculture. Damage to transport infrastructure and trade corridors undermines regional trade, while climate-driven food supply shocks contribute to food prices and inflation (UNECA, 2025c). Overall, exposure to climate shocks is deepening structural vulnerabilities in both regions. Heavy dependence on climate-sensitive sectors, limited adaptive capacity, and constrained fiscal space leave both regions increasingly exposed to cascading climate risks. Building resilience requires investment in climate-adaptive infrastructure, sustainable agriculture, early warning systems, and enhanced regional cooperation to mitigate cross-border climate impacts (AfDB, 2025).

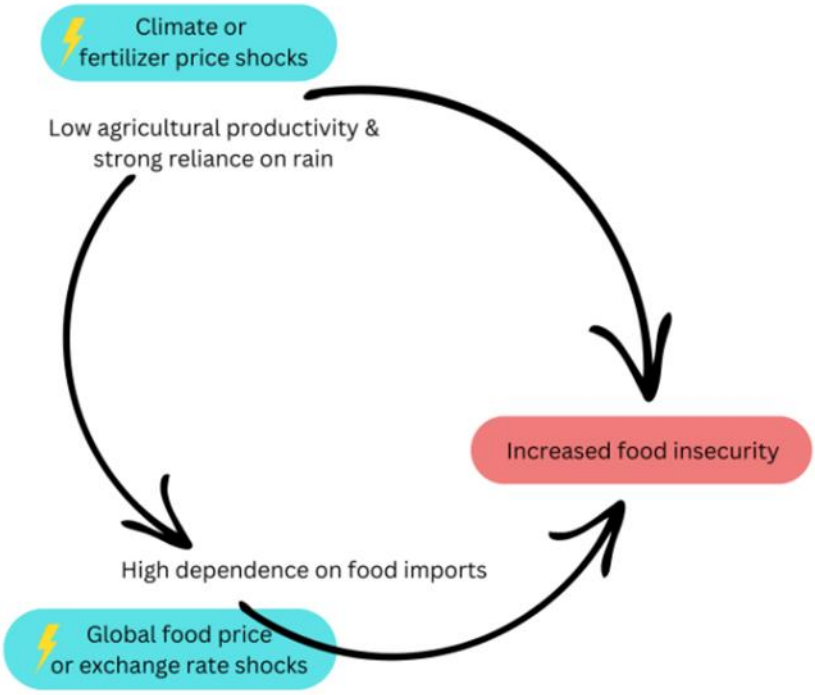
3.3.2. Exposure to food price shocks

Food systems in Central and Eastern Africa remain highly vulnerable to external shocks due to low agricultural productivity, heavy reliance on rain-fed farming, growing, yet below potential regional trade networks, and high dependency on food imports (UNECA, 2025b). Climate change, population growth, and economic instability continue to disrupt agricultural production and access to food, keeping food insecurity at critical levels.

Africa's dependence on global markets for both food imports and agricultural inputs such as fertilizers and equipment transmits global shocks directly into domestic markets. For example, the Ukraine pushed global commodity prices to record highs. Together, Ukraine and the Russian Federation supply about 30% of global wheat and barley, 20% of maize, and over 50% of sunflower oil (UNCTAD, 2022e).

In Central Africa, reliance on rain-fed agriculture makes food production especially sensitive to climate variability, including droughts and erratic rainfall. Limited infrastructure, post-harvest losses, and limited irrigation capacity further constrain output

Figure 14 : Vicious Cycle of Food Insecurity Drivers in Central and Eastern Africa



Source: UNECA, 2025

As illustrated in Figure 15, food insecurity in the region is both a consequence and driver of structural vulnerabilities, creating a self-reinforcing cycle. Low agricultural productivity and strong reliance on rainfall expose the region to climate and fertilizer price shocks. These conditions fuel high dependence on food imports, which in turn makes local markets vulnerable to global prices and exchange rate volatility. The outcome is a persistently high share of the population facing moderate to severe food insecurity.

In Central Africa, 157 million people, 78% of the population, faced moderate to severe food insecurity in 2023 (FAOstat, 2024). In Eastern Africa, that figure stood at 313 million people, or 65% of the population. One in five people is chronically undernourished, with climate shocks alone pushing 57 million people into acute food insecurity in 2023 (FAOstat, 2024).

The 2024 AU Fertilizer and Soil Health Summit called for tripling fertilizer use and restoring 30% of degraded soils to address low agricultural productivity and strengthen food security, especially in Central Africa where fertilizer use remains far below targets. Expanding regional production—particularly through Special Economic Zones—can reduce import dependency, stabilize input costs, and build more resilient and self-reliant food systems.

3.3.3. Conclusion: Converging Risks, Diverging Capacities

Central and Eastern Africa remain acutely vulnerable to external shocks, with global crises repeatedly exposing structural weaknesses in both subregions. While both grapple with high food insecurity, limited export diversification, and rising macroeconomic pressures, their responses and resilience levels differ markedly. Eastern Africa's relatively diversified economies and sustained infrastructure investments have supported more stable growth, despite high inflation and fiscal strain. Central Africa, meanwhile, continues

to experience greater volatility tied to global commodity price swings, reflecting its heavy reliance on oil exports and lagging structural transformation.

At the same time, shared vulnerabilities, such as exposure to climate shocks, fragile food systems, and mounting debt, underscore the urgent need for coordinated regional strategies. Building resilience will require not only macroeconomic reform, economic and export diversification, but also investments in climate-adaptive infrastructure, sustainable agriculture, and intra-African trade integration. The African Continental Free Trade Area (AfCFTA) offers a critical platform to deepen regional integration and unlock new growth pathways. Strengthening institutions and accelerating structural transformation across both subregions will be key to turning repeated shocks into catalysts for long-term resilience.

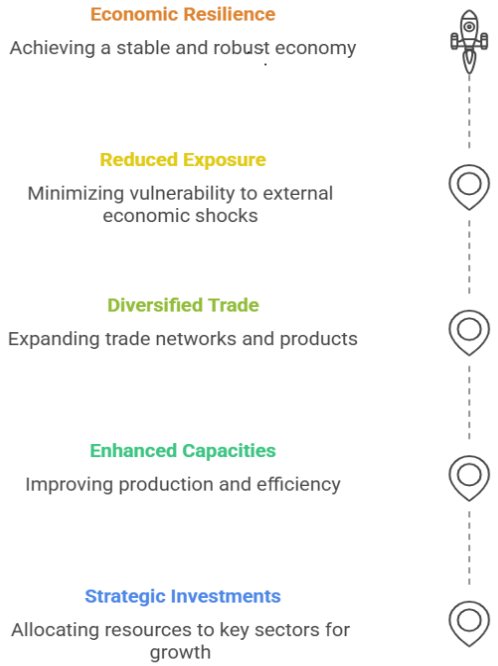
4. Building a resilient future

Central and Eastern Africa face overlapping vulnerabilities, but also a historic opportunity to reset their development path. By investing in productive capacities, enhancing intra-African trade, and building stronger, more inclusive institutions, the region can reduce its exposure to global shocks and embark on a more secure and sustainable growth trajectory.

Resilience is not an outcome but a process, one that demands coordination, investment, and long-term political commitment. The frameworks are in place; what is now required is decisive implementation. Building resilience in Central and Eastern Africa requires a deliberate and sustained focus on expanding productive capacities and strengthening trade-related infrastructure.

At the heart of this strategy lies investment in core infrastructure, transport, energy, and digital systems, which forms the essential foundation for economic diversification, competitiveness, and regional integration.

Figure 15 : Building economic resilience



Source: UNECA, 2025

4.1. Investing in Value Chain Development and Regional Trade

Regional integration is central to strengthening productive capacities. The AfCFTA offers an opportunity to expand intra-African trade, reduce import dependency, and enhance competitiveness (AUC, 2019). A more integrated market can provide stability and scale, particularly in times of global uncertainty.

By promoting regional value chains and local production, countries can shield themselves from external shocks and build inclusive economies. Trade with neighboring countries is typically more stable and

accessible, helping stimulate intermediate industries and services that support industrial upgrading (UNECA, 2020).

Both regions remain heavily dependent on imports, food, and manufactured goods, while their exports are concentrated in raw or unprocessed commodities (UNCTADStat).

Export diversification remains limited in Central Africa, where countries like Equatorial Guinea and São Tomé & Príncipe export fewer than 30 products, compared to over 200 in Kenya, Tanzania, and Uganda. Central Africa, in particular, is vulnerable to oil price fluctuations, which constitute 63% of total exports in 2023 while Eastern Africa still relies on commodities like ores and metals (49% of total exports in 2023), coffee and tea (UNCTADStat).

The AfCFTA framework, if fully implemented, offers an opportunity to address issues by reducing tariffs and non-tariff barriers, simplifying customs, and improving trade facilitation. Complementary investments in infrastructure, digital platforms, and regulatory harmonization can reduce trade costs and create better opportunities for local producers (AfDB, 2020).

To be effective, regional trade must be linked with strategic infrastructure and industrial policies. Priority sectors, such as agro-processing, textiles, and green industries, can drive resilience and long-term transformation (UNECA, 2020; World Bank Group, 2021).

4.1.1. Strategic Value Chains for Transformation in Central Africa

Central African nations, in their national AfCFTA strategies, have identified priority value chains critical for structural transformation. This section reviews the value chains identified in national strategies, the regional ECCAS AfCFTA strategy, and the CEMAC Common Agricultural Policy all converge on four core sectors: agri-food, fisheries, forestry, and industry. Agro-processing is especially vital for reducing import dependence and boosting food security. Key agricultural value chains include cassava, palm oil, maize, rice, and livestock (CEMAC, 2004).

Forestry value chains focus on second- and third-stage processing plywood, furniture, paper, aiming to reduce raw timber exports and increase value-added exports, have been mentioned in the strategies of Gabon, Cameroon, the Republic of Congo, DRC and the Central African Republic (Gabon 2022; Cameroon 2020; Congo, Republic of 2021; Democratic Republic of Congo 2021; Central African Republic 2023). The fisheries sector is identified has high potential for coastal states like São Tomé & Príncipe, Gabon, and Equatorial Guinea, where seafood processing is a priority (São Tomé & Príncipe 2022; Gabon 2022; Equatorial Guinea 2024).

Manufacturing has been identified as a priority sector in several national AfCFTA implementation strategies, particularly in textiles, garments, plastics, chemicals, and rubber. While Cameroon (2020), Chad (2022), and the Central African Republic (2023) cotton textiles and processing has been identified as a value chain of interest, the textile sector faces serious structural challenges, including outdated equipment, limited access to raw materials, and competition from low-cost imports. In contrast, more dynamic manufacturing subsectors such as agri-food processing and the chemical industry have shown stronger growth and export potential in recent years. Countries such as Gabon, Equatorial Guinea, and Cameroon are also investing in light industrial manufacturing, including wood transformation and agro-industry (Gabon 2022; Euqtorial Guinea 2024; Cameroon 2021).

Extractives, oil and gas remain dominant in Congo, Gabon, and Equatorial Guinea, but countries like Gabon, Cameroon, and DRC are investing in refining and metal processing to increase local value retention, as underscored in their respective national AfCFTA strategies. For the Central African Republic (2023), diamonds remain a priority sector as main export product, which constitutes more than half of total exports in 2023 together with gold (UNComtrade, 2025).

Digitalization and financial services are emerging enablers of trade and integration. AfCFTA strategies in Gabon, Cameroon, and Equatorial Guinea emphasize fintech, digital payments, and banking reform (see Table 3).

Table 4 : Digital and financial services in AfCFTA strategies

Country	Focus on Digitalization & ICT	Financial Services & Banking Expansion
Equatorial Guinea	Fintech, e-commerce, mobile banking	Developing banking sector
Cameroon	ICT sector growth, telecom expansion	Digital payments, financial hubs
Gabon	Fintech, financial inclusion	Regional financial hub

Source: *National AfCFTA strategies, regional ECCAS strategy and the CEMAC Common Agricultural Policy*

4.1.2. Strategic Value Chains Driving Trade and Transformation in Eastern Africa

In Eastern Africa, high-impact value chains—particularly in agri-food, minerals, ICT, and textiles—play a central role in the region's economic and trade performance (Table 2).

- **Agri-food** value chains are foundational, with countries like Ethiopia, Uganda, and Tanzania being significant exporters of coffee, tea, and cereals. In 2023, the global surge in coffee prices due to climate-related disruptions in Brazil benefited East African exporters, underlining the potential of agricultural exports as both a source of foreign exchange and a critical link to global market conditions.
- **Mineral exports** are emerging as key growth drivers. Countries like Uganda and Tanzania are expanding their shipments of gold, graphite, and lithium, which are vital for the global green energy transition. The DRC's recent accession to the East African Community (EAC) has further boosted cross-border mineral trade.
- **ICT and fintech** are rapidly growing sectors in Eastern Africa. Companies like M-Kopa, Wasoko, and Safaricom are driving innovations in mobile finance and e-commerce. Kenya's ICT sector contributed over 9% to GDP in 2023, underscoring its growing economic importance.
- **Tourism** is also a significant service export, with countries like Tanzania and Seychelles recovering strongly post-pandemic. Tanzania's tourism receipts in 2023 reached USD 3.4 billion, and Seychelles reached USD 1 billion. In the Seychelles, a UNECA-supported program trained over 80 entrepreneurs and developed a circular blue economy roadmap aimed at reducing marine pollution and supporting MSMEs. This initiative links environmental sustainability with enterprise development, offering an integrated model for diversification in island and coastal economies.
- **Textiles and light manufacturing** are gaining momentum, particularly in Ethiopia and Rwanda, which have been fostering industrial growth through public policy and the development of industrial parks.

These value chains signal progress in diversifying the economies of Eastern Africa. However, scaling them will require addressing persistent bottlenecks in logistics, skills development, and investment coordination. To achieve this, national AfCFTA strategies align with regional policies, recognizing the complementary nature of sectors and promoting deeper intra-African trade.

Table 5 : Select National and Regional Strategies Supporting Priority Value Chains

Value Chain	Strategic Focus	National AfCFTA Strategies	Regional Policy Frameworks
Agric-food (Coffee, tea, Cerals)	Boosting agro-processing, export diversification, food security	Ethiopia, Uganda, Tanzania, Rwanda	EAC Agricultural Policy (EACAP), COMESA Agro-Industry Strategy
Minerals (Gold, Colbat, Lithium	Sustainable extraction, mineral beneficiation, cross-border trade	Uganda, Tanzania, DRC	EAC Regional Mining Policy, IGAD Transboundary Resources Framework
ICT and Fintech	Digital trade, mobile money expansion, SME access to markets	Kenya, Rwanda, Uganda, Ethiopia	East African Digital Economy Blueprint, Smart Africa Alliance
Textiles and Light Manufacturing	Industrial park development, import substitution, regional textile hubs	Ethiopia, Rwanda, Madagascar	EAC Leather and Textile Strategy, COMESA Industrial Strategy
Source: National AfCFTA Implementation Strategies (Ethiopia, Uganda, Kenya, Tanzania, Rwanda); EAC Agricultural Policy (EACAP); COMESA Agro-Industry Strategy (2022); EAC Regional Mining Policy; IGAD Transboundary Resource Framework (2022); East African Digital Economy Blueprint; Smart Africa Alliance; EAC Leather and Textile Strategy (2020–2030); COMESA Industrial Strategy (2020).			

4.1.3. Infrastructure for Resilience and Regional Competitiveness

Inadequate infrastructure remains a major barrier to growth in Central and Eastern Africa. Limited transport networks, unreliable energy, and limited digital connectivity increase business costs and reduce production efficiency (World Bank, 2021). Investing in infrastructure is essential to lowering trade barriers, boosting industrial competitiveness, and enabling broader economic participation.

Improved transport corridors—such as roads, railways, and multimodal hubs—can connect rural producers to urban and regional markets, fostering economies of scale. Energy investments, especially in renewable sources, reduce costs and volatility while powering industrial growth. Likewise, expanding digital infrastructure, including broadband and mobile networks, supports e-commerce, digital payments, and access to finance.

Regional initiatives such as the Transport Master Plan for Central Africa (PDCT-AC) aim to bridge connectivity gaps and facilitate trade, though implementation remains uneven (AfDB, 2023). Strategic actions are needed to maximize impact:

- Adopt a development corridor approach to integrate infrastructure with agriculture, mining, and manufacturing.
- Harmonize border procedures via single-window systems and digital tools to reduce non-tariff barriers.
- Invest in missing links and maintenance, particularly in landlocked and fragile areas.
- Integrate climate resilience by promoting green, low-carbon infrastructure.

Aligning infrastructure investment with trade facilitation and sustainable development can reduce vulnerability to external shocks, unlock new value chains, and accelerate structural transformation across the region (UNECA, 2020; AUC, 2019).

4.1.4. Conclusion

Investing in trade and regional value chains offers a critical pathway to building economic resilience in Central and Eastern Africa. Empirical evidence shows that increased intra-African trade reduces vulnerability to global shocks by diversifying markets, enhancing supply chain stability, and stimulating local production. During the COVID-19 pandemic, countries more integrated into regional trade networks experienced smaller declines in export revenues and recovered faster than those dependent on extra-African trade (UNECA, 2021).

Trade integration promotes resilience by:

- Diversifying production away from primary commodities toward higher-value goods and services.
- Strengthening regional value chains, particularly in agro-processing, textiles, and pharmaceuticals, sectors less vulnerable to global demand fluctuations.
- Reducing reliance on global markets by building local sourcing capacities and shortening supply chains.

For example, Eastern Africa has already made strides in developing regional agro-value chains in coffee and dairy, with trade within EAC countries growing at over 10% annually between 2015 and 2020 (TradeMark Africa, 2021).

To realize the full benefits of regional trade, policymakers must prioritize coordinated investments in trade-enabling infrastructure, including transport corridors (e.g., the Central Corridor and LAPSSET), logistics platforms, and harmonized customs systems. Improved infrastructure not only lowers trade costs by up to 40% (World Bank Group, 2021) but also facilitates cross-border industrial clusters that support employment, scale, and competitiveness.

In sum, more regional trade has the potential to act as a macroeconomic shock absorber, reducing exposure to global price swings and supply disruptions while fostering sustainable and inclusive growth across Central and Eastern Africa.

4.2. Investing in Productive Capacities for Resilience

To build long-term resilience and reduce vulnerabilities, Central and Eastern Africa must prioritize investments in their productive capacities to diversify their economies and move away from export of primary commodities. Resilience is not merely about responding to external shocks but about establishing a foundation for sustainable growth. By enhancing productive capacities, both regions can better withstand global uncertainties, enhance their competitiveness, and reduce their dependency on external markets.

4.2.1. Industrialization and economic diversification

Central and Eastern Africa's path to resilience is closely tied to the process of industrial transformation and economic diversification. Historically, both regions have been heavily dependent on the export of raw materials—such as minerals, oil, and agricultural products, leaving them vulnerable to fluctuations in global commodity prices and external shocks (AfDB, 2020).

A key component of this transformation involves expanding the manufacturing sector, which can support both local and regional markets. For instance, countries such as Ethiopia and Rwanda have established successful industrial parks, focusing on sectors such as textiles and light manufacturing, which have spurred job creation and export growth. These parks offer a blueprint for other nations in the region to emulate, as they have demonstrated the potential to attract foreign direct investment, build local capacity, and diversify economies (UNECA, 2020).

Moreover, aligning industrialization with regional trade agreements, such as the AfCFTA, will create new opportunities for intra-regional trade. The increased movement of goods, services, and investment within the continent can help reduce reliance on distant international markets and support more resilient economies (AUC, 2019). The successful examples of economic diversification, such as Kenya's flourishing mobile payment system and Uganda's efforts in boosting its agricultural processing industries, further illustrate how regions can transition from commodity dependence to more sophisticated, diversified economies (World Bank, 2021).

Across Eastern Africa, a number of targeted interventions have demonstrated how investing in productive capacities and regional trade can yield tangible resilience gains. Uganda's dairy sector offers a notable example. Through sustained investment by Pearl Dairy, the country has transitioned from a net importer of milk to the region's leading exporter. By integrating more than 25,000 smallholder farmers and investing in local processing infrastructure, Uganda's dairy exports reached approximately USD 80 million by 2016 - up from negligible levels a decade prior (IFC, 2025; GAFSP, 2025). This shift has contributed not only to foreign exchange earnings but also to rural livelihoods and food system stability.

In Kenya, the emergence of M-Pesa in 2007 laid the groundwork for one of the continent's most dynamic fintech ecosystems. By 2023, mobile money accounted for nearly 60% of Kenya's GDP, and financial inclusion had risen from just 27% in 2006 to over 80% (FSD Kenya, 2021; Safaricom, 2023). The service has enabled mobile lending, digital payments, and regional remittances, bolstering the resilience of households and small enterprises, particularly during economic shocks.

Ethiopia's Hawassa Industrial Park has provided another pathway to resilience by anchoring textile manufacturing within a government-led industrial policy framework. Since its launch in 2016, the park has created over 80,000 jobs and generated more than USD 430 million in exports while fostering domestic supply linkages (World Bank, 2019; IPDC, 2023). Its focus on light manufacturing has supported economic diversification and helped reduce import dependence on finished garments.

Meanwhile, in Tanzania, reforms in the mineral sector have increased local value retention and improved fiscal stability. Between 2018 and 2024, gold export revenues more than doubled, rising from USD 1.55 billion to USD 3.37 billion (Ministry of Minerals Tanzania, 2024). Measures such as mandatory local beneficiation, the establishment of mineral trading hubs, and the commissioning of a gold refinery in Mwanza have enhanced transparency and revenue generation while curbing informal exports.

Rwanda has taken a different approach by leveraging high-end eco-tourism as a vector for inclusive growth and environmental sustainability. In 2023, the country earned USD 620 million from tourism—exceeding pre-pandemic levels—with 10% of park revenues allocated to community development projects (Rwanda Development Board, 2024). This model not only supports conservation efforts but also channels economic benefits directly to rural populations, reinforcing both ecological and social resilience.

These experiences underscore the transformative potential of well-designed, context-specific interventions. By investing in value addition, digital innovation, and inclusive service sectors, countries in Eastern Africa are actively reshaping their development trajectories to become more shock-resistant, competitive, and regionally integrated.

4.2.2. Rethinking Import Substitution for Industrial Transformation

Import substitution is a development strategy that seeks to replace foreign imports with domestically produced goods. By reducing external dependency, it fosters economic self-sufficiency, conserves foreign exchange, and builds resilience. Classic instruments include financial incentives (tax breaks, concessional loans) and protective measures (tariffs, quotas) to nurture emerging industries (Bruton, 1988; Hirschman, 1968).

Strategic benefits of import substitution

- Revitalizing domestic industries: Strengthens industrial base, supports entrepreneurship, and creates quality employment (Bruton, 1988).
- Improving trade balance: Conserves foreign exchange, Central Africa's food and fuel imports drove a trade deficit averaging 5.4 % of GDP (2020–2024) (UNECA, 2025d)
- Enhancing food security: Local production cushions against global price shocks (COVID-19, Ukraine) and builds sovereignty.
- Laying groundwork for exports: Mature domestic industries can later compete regionally and globally, diversifying export revenues (Behuria, 2019).

Building on lessons, charting a new course

While import substitution has had mixed outcomes in the past, recent thinking emphasizes a smarter, more adaptive approach. Scholars like Hirschman (1968) have argued that the success of such strategies hinges on more than protection—it requires strong learning mechanisms, innovation, and a dynamic policy environment. Bruton (1988) similarly advocates selective and performance-based support over blanket protectionism. More recently, Behuria (2019) highlighted that effective implementation depends on robust state capacity and committed political leadership.

UNECA (2025) urges policymakers to avoid past pitfalls—such as fostering inefficiencies or neglecting regional integration—and instead embrace a holistic vision of structural transformation. By leveraging the AfCFTA, countries can build cross-border supply chains, scale domestic production, and unlock economies of scale that strengthen competitiveness across the continent (UNECA, 2025).

In Central Africa in 2022, CEMAC revised its regional import-substitution strategy to address a CFAF 2,810.8 billion ($4.6 billion) foreign exchange outflow in 2021, largely from imports of beef, rice, wheat, fish, and hydrocarbons (CEMAC, 2022). Key measures include enacting a "national preference" framework to favor "Origine CEMAC" producers, harmonizing taxes, and reducing internal levies. Public procurement will

prioritize local staples, with a cap on foreign-currency payments for imports at 60%, in line with WTO and AfCFTA rules. The plan also adds cassava to the substitution basket to enhance food security and rural incomes.

To finance implementation, the strategy combines national budgets, regional agricultural funds, concessional finance from BEAC and BDEAC, and risk guarantees (e.g., FAGACE, MIGA) to attract private investment via BVMAC. By blending targeted protection, regional coordination, and diverse financing, CEMAC aims to reduce import dependence, build local value chains, and strengthen industrial and economic resilience.

4.2.3. Import substitution potential for Eastern Africa: An empirical analysis

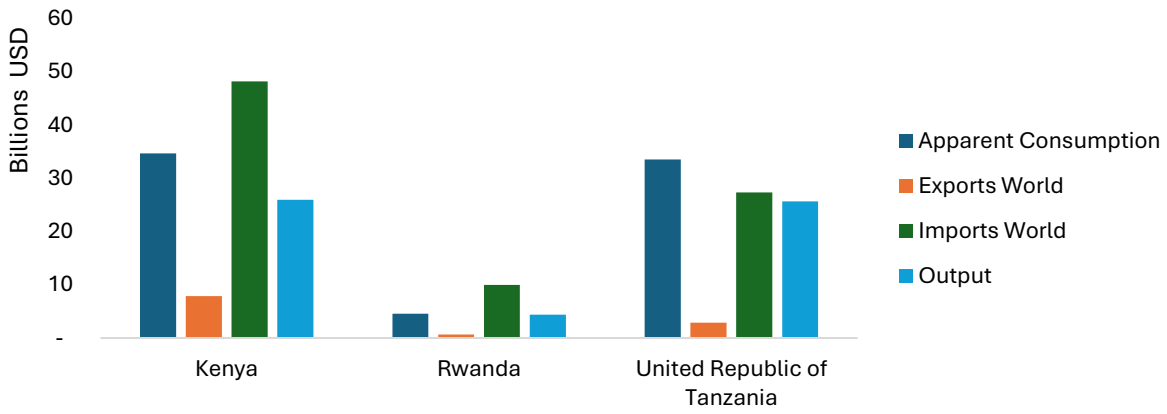
A desk review of Rwanda, Kenya, and Tanzania reveals persistent imbalances between domestic production and consumption. According to UNIDO (2022), local output accounts for just 6.5% of total consumption, while 85% of consumption is import-driven, resulting in a combined trade deficit of approximately USD 74 billion. This structural reliance on imports, especially for essential and industrial goods, leaves the region highly vulnerable to global supply chain shocks and foreign exchange pressures

Key imported products across the three countries include:

- Basic iron and steel
- Motor vehicles
- Electrical machinery and components
- Basic chemicals and pharmaceuticals
- Grain mill and food products

Yet, many of these same products show potential for local production and value addition. For example, grain mill products and certain food-processing categories (such as oils, meats, and preserved fruits) already appear among the top domestically produced items, though not at scale.

Figure 16 : Consumption and Production by Selected Eastern African Countries, 2021



Source: UNIDO Statistics Portal (2024)

This suggests a viable pathway for smart import substitution: not a retreat from trade, but a strategic effort to build competitive domestic industries in areas of persistent import-dependence and unmet demand. When aligned with regional value chains under AfCFTA, such efforts can catalyze economies of scale, enhance industrial linkages, and reduce exposure to external shocks.

For instance, investment in pharmaceuticals, agro-processing, and light manufacturing can serve both local needs and regional markets, reinforcing the goals of productive capacity-building and intra-African trade.

In sum, strategically grounded import substitution, integrated within broader **industrial policy**, presents a timely and pragmatic pathway for Eastern and Central Africa to reduce structural vulnerabilities, strengthen resilience, and enhance domestic value addition. By shifting away from dependence on raw commodity exports toward diversified, locally anchored production systems, both regions can stimulate industrialization and foster inclusive growth. With evidence-based planning, regional coordination, and sustained institutional support, today's challenges can be transformed into a foundation for long- term, self-sustaining economic prosperity.

Box 3 : Investments in Pharmaceuticals as an Import Substitution Strategy

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The COVID-19 pandemic starkly exposed the vulnerability of African health systems to disruptions in global pharmaceutical supply chains. More than 70 percent of Africa's medicines are imported, with half of the continent's countries lacking any pharmaceutical production, and only eight countries, many of them in North Africa, accounting for 85 percent of Africa's 690 manufacturing facilities (UNCTAD, 2025).

Across the continent, local production capacity remains limited. Less than 5% of medicines are produced locally, concentrated in a handful of countries (South Africa, Egypt, Morocco, Kenya) (WHO, 2024). Central and Eastern Africa have few pharmaceutical manufacturing facilities, most focused on basic generics and over-the-counter products, with limited capability for vaccines, APIs, and advanced therapies (UNECA, 2024a).

This structural dependency exposes countries to significant vulnerabilities, including:

- Supply disruptions (as seen with COVID-19 lockdowns, India's export restrictions, Ukraine conflict);
- Volatile prices;
- Foreign exchange risks (given the USD-denominated nature of pharma imports);
- And public health vulnerabilities, particularly in addressing communicable and non-communicable diseases.

Pharmaceutical production is thus an essential component of Africa's broader import substitution strategy - one that directly supports public health resilience while advancing economic diversification and reducing external vulnerabilities. Recognizing this, regional efforts such as the AfCFTA's Pharmaceutical

Manufacturing Initiative and the AU's Partnership for African Vaccine Manufacturing (PAVM) have prioritized the development of regional pharmaceutical value chains (AUC, 2023).

Several countries are beginning to attract investment aligned with this strategy. For example, Rwanda, through strong institutional support and public-private partnerships, has positioned itself as a growing pharmaceutical hub. In 2023, the country inaugurated Africa's first mRNA vaccine manufacturing facility in partnership with BioNTech. This investment is expected to catalyze further innovation and local production in Rwanda's pharmaceutical sector, providing a model for import substitution-driven industrialization that other countries in the region could replicate (BioNTech, 2023).

To accelerate this shift, key policy levers include: developing regional pharmaceutical hubs that can serve as centers of innovation and production; strengthening regulatory harmonization under the African Medicines Agency (AMA) to streamline market access and ensure quality standards; supporting technology transfer and expanding local production of essential medicines; and leveraging pooled procurement mechanisms to scale regional markets, reduce costs, and incentivize investment (AfDB, 2024).

In essence, strengthening pharmaceutical value chains in these regions is important not only for public health resilience but also for reducing trade vulnerabilities, enhancing productive capacities, and advancing regional integration through targeted import substitution.

4.2.4. New generation Special Economic Zones: Catalysts for Industrial Transformation

Special Economic Zones (SEZs) have emerged as important tools for driving industrialization and economic diversification across Central and Eastern Africa. As of 2020, Africa hosts 237 SEZs, up from just 20 in 1990, demonstrating growing recognition of their potential to attract investment, foster exports, and create jobs (UNCTAD, 2021b). Countries like Kenya, Nigeria, Ethiopia, and Egypt lead in SEZ adoption, and regional examples such as Gabon's Nkok SEZ illustrate how targeted infrastructure and policy incentives can stimulate high-value manufacturing and environmental innovation (UNECA, 2023a).

Despite their promise, SEZs across the continent have delivered mixed results. While some, like Ethiopia's early-phase SEZs, spurred a tripling of FDI between 2010 and 2013, many have struggled to sustain momentum (UNCTAD, 2021b). This is often due to overreliance on extractive industries, weak value chain integration, low domestic firm participation, and heavy dependence on low-cost labor and external financing (ITC, 2021). Moreover, SEZs frequently operate in isolation from broader national economies, limiting their long-term developmental impact.

Institutional and political bottlenecks are key barriers. In many countries, SEZs are hampered by fragmented governance, limited inter-ministerial coordination, and weak regulatory enforcement. Some suffer from overlapping mandates between investment promotion agencies, ministries of trade and industry, and customs authorities—creating confusion for investors and slowing zone operations. Additionally, low integration with customs IT infrastructure and transport networks undermines competitiveness, particularly in landlocked Central African states.

To address these limitations, a new generation of SEZs is emerging, designed around sustainability, innovation, and regional value chain development. A flagship example is the transboundary battery and electric vehicle (EV) SEZ between the Democratic Republic of the Congo and Zambia, which is aligned with AfCFTA objectives and regional green industrial strategies. The zone's competitive edge is striking: producing

cathode precursors in the DRC is estimated to be three times cheaper than in the U.S., with 30% lower emissions than in China. It also offers extensive inter-sectoral linkages, backward with industries like rubber, textiles, and mining, and forward with vehicle assembly, software, and renewable energy (UNECA, 2023b).

For SEZs to fulfill their transformational promise in Central and Eastern Africa, governments must shift from enclave-style industrial models to fully integrated economic ecosystems. This means embedding SEZs into national development plans, strengthening institutional coordination, upgrading infrastructure, and ensuring strong local linkages, especially with small businesses and agro-industries. With the right governance, SEZs can evolve from short-term investment magnets to long-term engines of inclusive and sustainable industrial development.

Box 4 : The Nkok special economic zone in Gabon: a model for wood processing

Central African countries have made limited progress in local commodity processing, with exports still dominated by raw materials. This underscores the lack of vertical diversification, the move from raw material exports to higher value-added products. In an effort to change this dynamic, Gabon banned the export of raw timber in 2010 to stimulate domestic wood processing.

A flagship initiative in this regard is Gabon's SEZ, established in 2010 in Nkok, 30 kilometers from the capital, Libreville. The zone hosts approximately 90 companies in the wood-processing sector, employing over 6,000 people. Operations range from high-end furniture production for export markets in Europe and the United States to large-scale tropical plywood manufacturing. Around 20 firms collectively process and store about 40,000 cubic meters of wood monthly within a 40-hectare industrial complex purpose-built for this value chain.

Thanks to this initiative, Gabon is now considered a regional leader in wood processing. Inspired by its model, the CEMAC bloc announced a ban on raw timber (log) exports effective January 1st, 2023, to encourage local transformation, though this directive has yet to be fully implemented.

However, a more nuanced assessment of the Nkok SEZ raises important concerns. Despite its scale, there is currently little evidence of significant spillover effects into the broader Gabonese economy. The zone operates in relative isolation, with limited integration into local supply chains or skill development systems outside its boundaries. Moreover, the generous tax incentives offered to firms in the SEZ raise questions about the net fiscal benefits to the government. While the zone has boosted export volumes and created employment, a comprehensive cost-benefit analysis, accounting for public investment, tax expenditures, and long-term economic linkages, is still to be done.

This mixed picture suggests that while SEZs can catalyze industrial activity, their broader developmental impact depends on how well they are integrated into national economic strategies and local value chains.

Source: UNECA, 2023b; Gabon Review, 2023

4.2.5. Institutional Strengthening as a Pillar of Economic Growth

Investments in strengthening institutions are just as important as investments in physical infrastructure. Effective governance, transparent policy frameworks, and the rule of law are essential for creating an environment conducive to long-term investment and economic resilience. This includes developing strong

institutions that can handle everything from regulatory oversight to providing support for small and medium-sized enterprises (SMEs), which are key drivers of innovation and job creation.

Recent experiences in countries like Rwanda and Kenya underscore the transformative impact of targeted investments in R&D and innovation ecosystems. These countries have strengthened patenting systems, supported university-industry collaboration, and expanded innovation hubs, contributing to higher productivity and greater technological readiness in key sectors (UNECA ICSOE, 2024).

In Cameroon, industrial modernization efforts have been coupled with support for technological infrastructure and manufacturing, despite constraints related to finance and intellectual property. Such examples point to the importance of policy alignment between industrial policy, education reform, and innovation funding (UNECA , 2024b).

Governments must prioritize reforms that provide clear signals to the private sector, encourage innovation, and ensure that resources are used efficiently. They must also create and enforce policies that attract both domestic and foreign direct investment (FDI), which is essential for modernizing productive capacities and ensuring that local industries remain competitive in a globalized market.

4.2.6. Human Capital Development: Empowering the Workforce for Sustainable Growth

Investing in human capital is another essential pillar for building resilience. Education, especially in technical, vocational, and higher education, must be tailored to the demands of a more diversified economy. While significant progress has been made in universal primary education, both regions still face challenges related to low levels of education, particularly in rural areas. The challenges of post-primary education underline the urgency of thinking in terms of access, inclusiveness, quality and diversification of educational sectors (UNECA 2020). By expanding access to vocational training and higher education, Central and Eastern African nations can equip their labor forces with the skills needed for key industries, from agriculture and manufacturing to digital and green technologies.

Beyond formal education, there is a need to invest in the continuous development of skills in line with evolving market demands. This could involve partnerships between governments, private sector actors, and educational institutions to develop specialized programs for industries such as renewable energy, agriculture, and ICT.

4.2.7. Technological Innovation and Knowledge Transfer: Harnessing New Opportunities

To build competitive and resilient economies, technological innovation must be embraced as a tool for enhancing productive capacities. Both Central and Eastern Africa have the opportunity to leapfrog traditional stages of industrial development through the adoption of new technologies.

In agriculture, precision farming techniques can improve yields and reduce costs, while enabling greater resilience to climate change. Likewise, in the energy sector, renewable energy technologies, such as solar and wind, offer sustainable alternatives to expensive and polluting fossil fuels. For both regions, technology-driven sectors like fintech, digital payments, and e-commerce are rapidly growing, offering new avenues for economic growth and financial inclusion.

Moreover, regional efforts to foster knowledge transfer and innovation ecosystems, by creating research hubs, fostering partnerships with universities, and increasing access to digital tools, will help build the technological backbone necessary for long-term resilience.

4.2.8. Sustainable Development through Green and Blue Economy

Finally, it is essential that investments in productive capacities are aligned with sustainable development goals. Both regions face significant environmental challenges, from climate change to resource depletion. Therefore, promoting green growth is critical not only for protecting the environment but also for building a more resilient economy.

This can be achieved through the development of sustainable industries, such as renewable energy, eco-tourism, and green agriculture. Additionally, implementing climate-resilient agricultural practices and promoting the responsible use of natural resources will ensure that economic development does not come at the expense of future generations.

UNECA is playing a key role in supporting this transition by helping countries integrate green and blue economy principles into national strategies. This includes promoting clean energy, sustainable land use, and responsible marine resource management. Initiatives such as green industrialization in Rwanda and Ethiopia and the development of green AfCFTA implementation plans illustrate practical steps toward low-carbon, climate-resilient development.

By embracing green technologies and sustainable resource management practices, Central and Eastern Africa can develop a low-carbon economy that is both resilient to global shocks and capable of fostering long-term, inclusive growth.

4.2.9. Conclusion: A Comprehensive Strategy for Resilience

Investing in productive capacities is not just about economic growth; it is about building the resilience necessary to navigate an increasingly complex and interconnected global economy. By improving infrastructure, strengthening institutions, investing in human capital, embracing technological innovation, and promoting sustainable growth, both Central and Eastern Africa can reduce their vulnerability to external shocks and lay the foundation for a more secure and prosperous future.

These efforts, when aligned with regional strategies such as the AfCFTA and guided by national priorities, will provide the foundation for resilient, self-sustaining economies that can thrive in an uncertain global environment. Ultimately, building resilience through investments in productive capacities will create a more secure, prosperous, and sustainable future for the people of Central and Eastern Africa.

5. Conclusion and policy recommendations

The economies of Central and Eastern Africa have shown remarkable commitment to the goals of the 2030 Agenda and Agenda 2063, despite facing a series of complex and interrelated challenges. Global health crises, geopolitical developments, climate variability, and shifts in trade patterns have all underscored the importance of building stronger, more adaptable economic systems.

This report reaffirms that investing in productive capacities and enhancing intra-African trade are not just desirable pathways,they are essential for sustainable, inclusive, and resilient development. By aligning regional and national strategies with AfCFTA, leveraging green and digital transitions, and strengthening institutional and infrastructure systems, the subregions can accelerate structural transformation and reduce exposure to external shocks.

Resilience, in this context, means shaping economies that can thrive in the face of uncertainty, generate opportunities for all, and contribute meaningfully to continental and global progress. The recommendations that follow offer practical and context-sensitive actions that member States, regional bodies, and development partners can collectively pursue.

5.1. Policy Recommendations: Building Resilience Through Coordinated Transformation

This section presents a phased and integrated framework to accelerate structural transformation and economic resilience in Central and Eastern Africa. While all actions are relevant, their urgency, feasibility, and potential impact differ by country. Recommendations are therefore grouped by timeframe (short-, medium-, and long-term), clustered into reform packages, and supported by SMART targets and in-text evidence, including cross-cutting gender, youth, and informality dimensions.

Improving institutional capacity for policy coordination and implementation is foundational (Recommendation 1), enabling the effectiveness of all other reforms. Strengthening institutions goes beyond governance; it involves building technical capabilities, coordination mechanisms, and systems that allow states to deliver coherent industrial, trade, fiscal, and infrastructure policies.

Reform Package & time frame	Recommendations
Institutional and Fiscal Resilience Framework Short-Term Priorities (1–2 years)	**Recommendation 1: Strengthen Institutional Capacity for Structural and Fiscal Resilience** **Actions:** • Improve domestic resource mobilization and public financial management by expanding digital tax systems and addressing Base Erosion and Profit Shifting (BEPS) (UNCTAD, 2024). • Establish inter-ministerial coordination units for policy coherence in infrastructure, trade, and industrial development (UNECA, 2025a). • Launch strategic training programs via UNECA's African Institute for Economic Development and Planning (IDEP), targeting public officials in planning, economic analysis, trade, and infrastructure. • Establish national productivity councils and trade observatories by 2026 to support evidence-based policy design, for example via AU's African Trade Observatory. **Regional Focus:** • *Central Africa*: Strengthen institutional coordination between the Economic Community of Central African States (ECCAS), Central African Economic and Monetary Community (CEMAC), and Development Bank of Central African States (BDEAC); align strategic plans with the CEMAC Economic and Financial Reform Program (PREF-CEMAC) and the Central African Transport Master Plan (PDCT-AC) (CEMAC, 2016; UNECA, 2023d). • *Eastern Africa*: Foster integrated planning through linkages between ministries of finance, national planning commissions, and regional organizations such as the East African Community (EAC) and the Intergovernmental Authority on Development (IGAD).

	Recommendation 2: Facilitate Regional Trade to Buffer Global Shocks **Actions:** • Scale up One-Stop Border Posts (OSBPs) and Simplified Trade Regimes (STRs), and facilitate access for informal and female traders by 2027 • Digitize 80% of customs systems across priority corridors by 2026 and reduce average border crossing time by 40% (World Bank, 2023; COMESA, 2020). • Establish national trade facilitation committees including small and medium-sized enterprises (SMEs), informal traders, and civil society by 2026 (UNECA, 2021a). • Prioritize the full implementation of the AfCFTA, including reducing tariffs, eliminating non-tariff barriers, and harmonizing trade policies (UNECA, 2025a) • Reduce fragmentation and foster policy harmonisation across RECs to facilitate AfCFTA implementation (UNECA, 2025a). **Regional Focus:** • *Central Africa*: Operationalize STRs based on the Common Market for Eastern and Southern Africa (COMESA) model; prioritize OSBP development in Cameroon, Chad, Gabon, Democratic Republic of Congo (DRC), and Equatorial Guinea (INTERPOL, 2022; SADC, 2023). • *Eastern Africa*: Advance African Continental Free Trade Area (AfCFTA)-aligned reforms; deploy e-commerce platforms and digital customs services across EAC and COMESA regions.
Green Growth and Industrial Resilience Strategy Medium-Term Priorities (3–5 years)	**Recommendation 3: Accelerate Industrialization and Value Chain Development** **Actions:** • Double manufacturing value added by 2030 by expanding agro-processing, textiles, and clean-tech sectors • Provide gender-responsive procurement and SME financing; launch digital and STEM-based skill programs for youth and women (UNECA, 2025a). • Establish Special Economic Zones (SEZs) in strategic sectors such as fisheries, cassava, and wood in Central Africa; and textiles and horticulture in Eastern Africa (Douala Consensus, 2017; UNECA, 2023). • Support local industrialization through targeted import substitution strategies **Regional Focus:** • *Central Africa*: Implement the ECCAS Industrial Master Plan (PDIDE-AC) and connect SEZs to cross-border corridors (UNECA, 2023d). • *Eastern Africa*: Replicate successful industrial parks like Hawassa (Ethiopia) and Tatu City (Kenya) that promote inclusive employment and export competitiveness
	Recommendation 4: Upgrade Infrastructure and Improve Regional Connectivity **Actions:**

	• Invest USD 120.83 billion in transport equipment and infrastructure by 2030 to support AfCFTA implementation (UNECA, 2025a). • Achieve 100% paving of regional corridors and increase the average Mean Speed Score to 70 km/h by 2028 (Moszoro and Soto, 2022). • Mainstream climate adaptation, e.g., solar logistics hubs and green bridges, into all corridor investments. • Promoting the free movement of people, goods, and capital across borders will be supported by initiatives like the Single African Air Transport Market and the Pan-African Payment and Settlement System (UNECA, 2025a) **Regional Focus:** • *Central Africa*: Prioritize the Central African Transport Master Plan (PDCT-AC) and link it to regional industrial clusters. • *Eastern Africa*: Expand port capacity (e.g., Mombasa and Dar es Salaam), inland dry ports, and improve last-mile connections to regional markets (EADB, 2023).
Human Capital and Climate-Resilient Development **Long-Term Priorities (5–10 years)**	**Recommendation 5: Invest in Future-Ready Human Capital** **Actions:** • Achieve 50% female participation in Technical and Vocational Education and Training (TVET) for STEM, agro-processing, and green tech sectors by 2030 • Develop dual apprenticeship programs linked to industrial parks and SEZs. • Establish national digital learning platforms to expand access in underserved rural areas. **Regional Focus:** • *Central Africa*: Integrate TVET programs into SEZs and cluster development. • *Eastern Africa*: Align TVET institutions with emerging sectors such as digital trade, solar energy, and tech-enabled logistics.
	Recommendation 6: Mainstream Green and Blue Economy Approaches in Agriculture **Actions:** • Raise green finance to 30% of total agricultural credit by 2030; offer tailored green bonds and climate-smart subsidies (UNECA, 2025a). • Double aquaculture production through smart, sustainable fisheries; launch eco-certification programs for exports. • Target 60% of green agribusiness support to women- and youth-led cooperatives. **Regional Focus:** • *Central Africa*: Build innovation hubs for eco-agriculture and agro-ecology. • *Eastern Africa*: Strengthen mobile-based advisory services, drought-resistant seeds, and regional knowledge networks.

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