

The 27th United Nations Climate Change conference (COP 27)



Side Event

Finance for climate resilient trade and Africa Trade Exchange (ATEX)

Concept Note

Wednesday 16th November from 9 to 10.30 AM (Cairo Time), Africa Pavilion

Background

The full implementation of the African Continental Free Trade Area (AfCFTA) Agreement is expected to provide opportunities to boost Africa's trade, regional integration and GDP with intra-African trade foreseen to increase by nearly 40 per cent in 2045¹ (ECA, 2021). The Digital trade will drive this increase with a potential of \$180 billion in 2025 and \$712 billion in 2050. The e-commerce and digital trade have supported the economic activities during the Covid-19 pandemic and accelerated the business digital transformation in all sectors, from healthcare and retail to manufacturing and financial services.

The ECA and the African Export-Import Bank (Afreximbank), in collaboration with the African Union and the AfCFTA Secretariat, have developed a digital business-to-business (B2B) and business-to-government (B2G) exchange platform known as African Trade Exchange Platform (ATEX). ATEX is a component of and connected within the digital ecosystem supporting the implementation of the AfCFTA known as the Africa Trade Gateway. The platform is expected to integrate with the Pan-African Payment and Settlement System (PAPSS) providing a simple, low-cost, and risk-controlled payment clearing and settlement solution to currency challenges that currently limit cross-border trade.

The platform was soft launched in the presence of the President of the Republic of Senegal and the Chairman of the African Union His Excellency Macky Sall during the opening of the 54th Session of the United Nations Economic Commission for Africa Conference of Ministers in May 2022. ATEX was repurposed to assist African countries to deal with shortages of food, fuel, and fertilizer many Africans are experiencing due to Ukraine crisis. By pooling Africa's Demand, ATEX ensures a stronger Market Power, facilitate pool procurement, and hence provide one point of competitive access to critical supplies.

Objective of the event:

- Present the African Trade Exchange Platform (ATEX) and discuss how the convening institutions in collaboration with other key international and regional organisations and the Private sector can help to solve the fertilizer and grain while supporting the effective implementation of the African Continental Free Trade Area (AfCFTA)



Due to shortages of food, fuel and fertilizer that many Africans are currently experiencing on account of the Ukraine crisis, ATEX has been repurposed as an online platform for pooling procurement for food, fertilizers and agricultural chemicals and hence providing one point of transparent and competitive access to critical supplies. Through ATEX, Africa will be able to aggregate its demand for these commodities, allowing for bulk negotiation at competitive prices, hence ensuring delivery of commodities at an affordable price.

Afreximbank will provide payment and other Trade Services (Letters of Credit, Overdraft facilities, Guarantees, etc. for those who need it) in support of trades under the Platform.

Partners:

- African Export-Import Bank (AfreximBank)

Moderator:

- Ms. Wafa Aidi, Economic Affairs Officer, UN ECA

Panellists:

- Ms. Hanan Morsy, Deputy Executive Secretary, UN ECA (Opening Remarks)
- Dr. Yusuf Daya, Director AU/AfCFTA Relations and Trade Policy, Afreximbank
- Mr. Maximo Torero, the Chief economist of the FAO
- Dr. Martin Frick, Director, WFP Global Office Germany

Format of the meeting

The session will begin with opening remarks from the ECA followed by a brief presentation on the scope, content, and policy recommendations from the ATEX. The Panelists will then be invited to discuss how the ATEX can be utilized in enhancing the food security in Africa through the active involvement of the private sector followed by a Q&A session.

Documentation



Prior the Session, the organizers will endeavor to send the Concept Note to panelists by electronic mail as soon as the latter have confirmed their participation.

Key messages

- Global support to ATEX- Emergency response to the disruption of the food and fertilizer global markets by directing critical commodities such as Fertilizer, Maize, Wheat, Rice, Palm oil, Soybean Oil, Sunflower Seed Oil and Sugar to African markets at fair price during the crisis period. This requires involvement of Private Sector key players in fertilizer and food markets.
- ATEX shall be supported both on the financial side, by increasing Afreximbank's capacities to reduce the cost of financing for vulnerable economies, including by addressing foreign currency exposures, and by providing low-cost logistical solutions in the framework of the "solidarity mechanism" launched by the World Food Program in the framework of the FARM initiative and in partnership with the private sector.
- There is a need to operationalize the strong commitment made at the margin of the UNGA77 to support the most vulnerable economies by enlarging their fiscal space to buy fertilizers, building on our SDR rechannelling strategy, as well as on the new "food shock window" under discussion within the IMF's shareholding.
- There is a need/urgency to support developing fertilizer regional production hubs, considering raw material availability, manufacturing capabilities and market size, through concessional funding, public-private partnerships, and cross-countries joint ventures. Given that the African Trade Exchange Platform provides the digital ecosystem to African countries to trade under the AfCFTA rules and preferential tariffs, the intra-Africa trade in fertilizers should be encouraged through ATEX. To this end, multilateral cooperation mechanism and financial resources shall be allocated to strengthen the capacity of African countries to develop, implement and monitor strategies for enhancing fertilizers production, consumption, and African agriculture production including concrete synergies with FARM initiative. From that perspective, it is useful to build on effective partnerships for scaling ongoing initiatives, including those of AFFM, AGRA, IFAP, aimed at enhancing fertilizers production and consumption.
- ATEX should be utilized to drive local production, strengthen, productive capabilities and inform on hubs for storage road for transportation/logistics/infrastructure in Africa through the EU-Africa Global Gateway Investment Package. There is huge potential in utilizing ATEX as a marketplace for international and regional buyers to enable Africa to enter the global value chain.
- Engage consultation of the private sector at global and regional level through public-private dialogue to understand market demands and opportunities as well as potential supply options continentally.



- Encourage greening of value chains and supply chains by optimizing links in value-addition and sustainable supply chains. It is incremental to promote industry innovations including, organic fertilizers and new solutions such as plasma-made fertilizers.

For further information, please contact

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