

Concept Note

Validation Workshop for IGAD AfCFTA Strategy

Background

The Agreement establishing AfCFTA signed in Kigali, Rwanda, on 21st March 2018 is a key milestone in Africa's integration agenda. The AfCFTA is expected to be a key engine of economic growth, industrialization and sustainable development in Africa in line with the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly, and the African Union (AU) Agenda 2063 for "The Africa We Want". Almost all (seven out of eight) the IGAD Partner States signed the Agreement establishing the AfCFTA and Djibouti, Ethiopia, Kenya, and Uganda have ratified the Agreement while Somalia has committed to ratify the Agreement in the coming months. Additionally, the Partner States are at different stages of developing national AfCFTA implementation strategies.

Through the removal of tariffs and non-tariff barriers, the AfCFTA seeks to address the fragmentation of African markets. The resulting integrated markets at continental level will create an environment conducive to efficiency gains from economies of scale and scope, increased competitiveness, better access to resources and their efficient use, including labour, capital and technologies. These will culminate in greater diversification of African economies and promotion of regional value chains (RVCs). The development of RVCs in turn would strengthen Africa's position in global value chains while creating more value-added content at national and regional levels. Moreover, the AfCFTA presents African countries with the opportunity to access a larger continental market, beyond their traditional trading partners. The AfCFTA Agreement also recognizes Regional Economic Communities (RECs) as building blocks for the AfCFTA. Cognizant of the fact that most of intra-African trade is conducted within RECs, these institutions will continue to play a central role in the African trade landscape; and contribute to the finalization, implementation and application of the AfCFTA.

The implementation of the AfCFTA will certainly involve adjustments in countries to overcome potential challenges and seize the opportunities offered by integrated markets. Given the significant structural differences in their economic configuration, African countries will be affected in different ways by the AfCFTA. For example, most competitive and industrialized African economies are better placed to quickly take advantage of the opportunities offered by larger markets. Smaller economies will also benefit from the Agreement by fostering their linkages to RVCs. It is expected however that from the short to medium-run, structural

changes through reallocation of factors of production, could entail some adjustment costs. There are concerns about unequal outcomes from the AfCFTA for the different demographic groups. Most notable are gender inequality and access to economic resources, which remains a key challenge across Africa. Yet, in the long-run and if the Agreement is adequately implemented, gains from the AfCFTA are expected to outweigh short to medium run costs. A main underlying argument is that by stimulating economic growth and diversification, the AfCFTA will help to generate economic activities for higher value-added production at domestic and regional levels.

These aspects notwithstanding, harnessing the full benefits of the AfCFTA starts with its domestication, ratification and full implementation by member States. The benefits of the Agreement, once in force, will not come overnight. Countries need to make themselves more competitive on the continental market by diversifying their economies and creating value chains for goods and services. They also need to identify means to deal with costs adjustment including any adverse fiscal impact that could result from the Agreement's implementation. For African countries, this entails developing national and regional AfCFTA implementation strategies tailored to existing policy frameworks at national, regional and continental levels. These AfCFTA strategies will identify opportunities and challenges in implementing the AfCFTA. Therefore the IGAD AfCFTA Implementation Strategy will identify opportunities, gaps and steps required to take full advantage of continental and global markets resulting from the AfCFTA induced opportunities. It is expected that the IGAD AfCFTA strategy will recommend concrete actions that Member States should undertake in order to best leverage the opportunities arising under the AfCFTA and address related challenges. In line with this a validation workshop for the IGAD AfCFTA strategy will take place on 8-9 December 2022 in Nairobi Kenya to review, discuss and validate the strategy.

The objectives of the workshop

The objectives of the workshop are to present and validate the Strategic Objectives and Action Plan prepared and put forward in the IGAD AfCFTA Strategy, and to provide further insights that could be implemented to strengthen the competitiveness of IGAD Member States in the AfCFTA.

Expected Outcomes

- A validated IGAD AfCFTA Strategy and Action Plan;
- Recommendations to guide the implementation of the AfCFTA

Participants

The workshop will gather senior representatives from both the public and private sectors as well as civil society, members of the diplomatic community, members of the media and representatives of United Nations.

Date and Venue

The workshop will be held on 8-9th December 2022 at the **Radisson Blu Hotel, Nairobi Upper Hill, Nairobi, Kenya.**

For More Information

For more information about the workshop, please contact either Ms. Zewditu Befekadu befekaduz@un.org or Ms. Rosemary Bagiza bagiza2@un.org or Mr. Rodgers Mukwaya mukwayar@un.org