



Concept Note

National AfCFTA Forum – Kingdom of Eswatini

Development of Eswatini Implementation Strategy for AfCFTA: Stakeholder consultation and Media engagement.

3 – 4 November 2022

Venue: Mountain Inn, Mbabane, Eswatini.

Key Partners:

- Ministry of Commerce, Industry & Trade – International Trade Department (ITD)
- United Nations Economic Commission for Africa (UNECA)



1. Introduction

The Agreement establishing the African Continental Free Trade Area (AfCFTA) was signed on the 21st of March 2018 in Kigali, Rwanda. The AfCFTA Agreement entered into force on 30 May 2019 for the 24 countries that had deposited their instruments of ratification by this date, which included Eswatini, which ratified the AfCFTA on the 2nd of July 2018, placing Eswatini amongst the first 8 countries to sign the AfCFTA.

However, very little trade has taken place under the AfCFTA regime with some noteworthy progress being made in the past month. As at October 2022, 44 of the 54 signatories (81.5%) have deposited their instruments of AfCFTA ratification

The AfCFTA is expected to generate a wide range of socio-economic development benefits for the region through supporting trade creation, structural transformation, and poverty reduction, with substantial impact in terms of employment generation and raising incomes for particularly disadvantaged and marginalised groups such as youth and women.

The AfCFTA is expected to make a significant contribution to the continent's ongoing efforts to materialize the aspirations and goals contained in Agenda 2063 and the 2030 Agenda. During the Conference of African Ministers of Finance, Planning and Economic Development held in Addis Ababa in May 2018, the African Union member States were urged to develop national strategies and implementation plans to identify opportunities, constraints and actions related to the AfCFTA implementation, including key objectives for increasing trade performance, country priority sectors, and opportunities for regional and global value chain integration – Eswatini is in the process of developing its own AfCFTA Implementation Strategy and Action Plan.

To this end, there is need for extensive stakeholder mobilisation and consultation to inform the strategy and action plan drawing on local experiences, challenges and ideas leading to an action-oriented and nationally owned strategy that is effective and adequately anchored on appropriate institutions for full implementation of the AfCFTA Agreement.

2. Background

The Kingdom of Eswatini has witnessed many years of peaceful existence. However, the country is faced with sluggish economic growth, fiscal crisis, high levels of unemployment, poverty, and inequality. Nearly 59 percent of the population live below the poverty line and 20.1 percent below the extreme poverty line. Women, young people, people living with disabilities and people living with HIV/AIDS are among the poorest and most vulnerable members of society. **Youth employment remains a major concern in eSwatini, with 59.1 percent of young people aged between 20 and 24 years old being unemployed.**

The National Development Plan (2019/2020-2021/2022) and Strategic Road Map (2019-2022) prioritize sustainable economic growth and inclusive governance to ensure that economic opportunities reach those furthest behind. However, the COVID-19 pandemic, in addition to the negative impacts of climate change on access to resources, the global economic stagflation following the Russia-Ukraine war, and the frayed social contract, have further exposed the country to immense vulnerability, related to the slow economic performance at the regional level, and has exacerbated extreme poverty and inequalities.

In Eswatini, 37.4 percent of the population is aged between 15-34 years, with a 50.7 percent and 49.3 percent ratio of females and males respectively. Evidently, the youth population is fast growing and offers a great



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opportunity for economic growth. If properly harnessed, young people could be a great resource for economic growth. Therefore, the high proportion of youth in a country where only few jobs are generated, might be a considerable demographic risk rather than an engine for economic growth.

In the past two years the country has also faced a triple crisis, that of COVID-19 that led the eSwatini economy to shed more jobs, civil unrest which is estimated to have caused damage of more than US\$ 210 million and the loss of over 5,000 jobs, and natural disasters such as cyclone Eloise. With Eswatini being a net importer of food, border closures impacted an estimated 27 percent of the population at risk of food insecurity.

These crises have led to the loss of lives and livelihoods. The country crafted an economic recovery plan that seeks to tap into the African Continental Free Trade Area (AfCFTA). For small landlocked economies like Eswatini, regional trade agreements like the AfCFTA are the lifeblood of the economy as the country tends to rely predominantly on export trade owing to a small domestic market. However, Eswatini's multiple and overlapping memberships, by virtue of being a member of SACU, SADC and COMESA leads to complexity, lax enforcement, and uncertainty, as the country continues to operate under a derogation, thus not aiding regional integration efforts, as it results in less trade liberalisation in member countries.

To effectively take advantage of the market access opportunities presented by the AfCFTA, Eswatini like the rest of the AU member States, has to develop a practical and effective strategy for the country's private sector to be better positioned to take advantage of the 1.3 billion people market of more than \$3.4 trillion.

3. The National AfCFTA Forum

In this context, the Government of Eswatini and UNECA have decided to co-organize a National AfCFTA Forum to be held at the Mountain Inn, Mbabane on the 3rd of November 2022, followed by a media engagement workshop on the 4th of November 2022.

The Forum will explore amongst others, the need to more effectively engage the private sector, which is best-placed to identify and seize the opportunities created by the AfCFTA and also push for further complementary measures and actions necessary for Eswatini to address remaining trade and competitiveness challenges, such as those related to the establishment and leveraging of value chains for sustainable and inclusive development outcomes, whilst exploring strategies to better position private sector to take advantage of the opportunities within AfCFTA.

Increasingly, both Africa's public and private sector actors recognize that real region-wide progress and transformation is only attainable through improved connectivity, competitive logistics and production value chain integration in targeted strategic sectors such as pharmaceuticals and agriculture. This, together with the establishment of regulatory policy convergence, is vital for the continent's trade and regional integration agenda.

While engagement with the private sector is a theme that cuts across all Trade Forums, each Forum also identifies issues that are particularly relevant, if not unique, to the specific context of its region. In that context, Eswatini is a landlocked economy. As a result, imports, and exports from countries like Eswatini often suffer from disproportionately high transaction costs due to either challenges of sheer geographical distance from markets and dependence on the infrastructure and institutions of transit countries (in Eswatini's case South Africa and Mozambique) or inadequate essential infrastructure within their own territories, underdeveloped logistics services, bureaucratic red tape, and the like.

3.1. Stakeholders and key participants



The National AfCFTA Forum will provide the right platform for all stakeholders, from policy makers to commercial actors, from academics, development partners to civil society organisations, to explore these issues in terms of the extent to which the AfCFTA can contribute to the effort to address these almost unique trade and competitiveness challenges. The ongoing efforts to deepen economic integration and speed up its pace will be explored using specific and concrete transboundary projects, such as interconnected power grids, shipping, transport-related logistics corridors, mining and development projects and development of regional guidelines and policies around investment, amongst key considerations.

3.2. Format

The Forum will be co-organized by the Government of the Kingdom of Eswatini and UNECA. The Forum will be a face-to-face event and will take place at the Mountain Inn in Mbabane, Eswatini. The Forum will include presentations and discussions around the following topics:

3.3. Thematic focus areas:

- a) The AfCFTA: Job Creation and the Role of the private sector in Africa and Eswatini
- b) Update on Eswatini's Implementation Status under AfCFTA
- c) The AfCFTA Implementation Strategy and Action Plan
 - Rationale and Expectations
 - Literature Review and Preliminary Analysis
- d) The AfCFTA: Gender Mainstreaming and youth-owned businesses
- e) Transforming services in the context of the AfCFTA

3.4. Plenary Session and Roundtable Discussions:

- High-Level Roundtable
- Private Sector Roundtable
- Women's & Youth Business Roundtable
- Services liberalisation in context of AfCFTA

3.5. What to expect?

- **Solutions:** Opportunities to connect with leaders and experts to translate ideas into solutions for Eswatini's socio-economic transformation.
- **Opportunity:** Sessions that encourage participants to expand their thinking and explore fresh opportunities that Eswatini can take advantage of under the new continental market and an opportunity to inform national strategies.
- **Impact:** Recommendations on how to use the AfCFTA as a policy tool to create positive change and impact in the local economy as well as a tool for advancing gender equality and women's economic empowerment, as a catalyst for inclusive and sustainable socio-economic development on the continent.
- **Networking:** Opportunities to participate in roundtables and a high-level plenary and at the same time engage with actors across a diverse range of different sectors.

4. **For additional information**, please write to: Director, International Trade Department, Ms. Portia Dlamini at mahlalelalp@yahoo.com or United Nations Economic Commission for Africa (UNECA), Ms. Maria Ngarachu at maria.ngarachu@un.org.