United Nations Economic Commission for Africa

It’s time to implement the AfCFTA

The Economic Commission for Africa (ECA) is dedicated to promoting the economic and social development of its member States, fostering regional integration, and facilitating international cooperation for Africa’s development. Next week ECA’s Office for Eastern Africa will hold its annual regional meeting in Kigali to discuss the latest economic and social developments as well as how to implement the African Continental Free Trade Area (AfCFTA).

Here we highlight three major achievements and three challenges for the region:

**Achievements**

**Economic Growth is Robust**
East Africa is currently the fastest growing region on the continent, with an annual average growth rate of 6.7% between 2013 and 2017. More than double the African average. Underpinned by notable improvements in agricultural production and sustained infrastructure investment, East Africa is set to grow at 6% in 2018, rising to 6.2% in 2019.

**People Lead Longer and Healthier Lives**
Unprecedented improvements have also been achieved in the social sphere. Life expectancy in East Africa has increased by more than 5 years over the past decade, with countries like Kenya, Rwanda and Tanzania registering the largest increases.

**Investment in the Region is Increasing**
Reflecting the growing confidence in economic prospects, investors are giving a ringing endorsement. Foreign Direct Investment into East Africa rose by more than 40% from 2008 to 2017, from US$ 6.5 billion to US$ 9.1 billion. Encouragingly, investors are shifting towards priority sectors for regional development, like manufacturing and high value-added services. With the signing of the AfCFTA, a new impetus is likely to be given to such investments.

**Challenges**

**Job Creation has to be accelerated**
Despite the favourable economic conditions, the rate of job creation has been disappointing. With an estimated annual growth in the labour force of around 3% for the coming two decades, countries in East Africa will have to sustain GDP growth of at least 6% per year simply in order to absorb new entrants to the labour force.

**Economies need to be more diversified and resilient**
East Africa still suffers from sharp fluctuations in production in the agriculture sector, accounting for around one-third of regional GDP and two-thirds of employment. Vulnerability to weather-related shocks constrains economic development and seriously affects people’s livelihoods. There is clearly a need to diversify our economies more rapidly. Greater exports to the rest of the continent could create more vibrant demand for agro-industries. Within East Africa only a quarter of agricultural trade is currently processed, whereas for intra-African exports, two-thirds are.

**It’s time to implement the AfCFTA**
During a time of increased trade protectionism globally and moderating global demand, it is crucial for African countries to focus on the more resilient and dynamic regional ties. Analysis by ECA suggests that intra-regional trade within the East African Community is currently at only half of its potential level. Measures to reinvigorate intra-regional and intra-African trade are needed – and the AfCFTA represents a unique opportunity to achieve this goal.

22nd Meeting of the Intergovernmental Committee of Experts
Implementing the African Continental Free Trade Area in Eastern Africa: From Vision to Action

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